

Finance and Performance Committee

Terms of Reference

1. Purpose of the Committee

The Finance and Performance Committee is a standing committee of the Board, which together with the Audit and Risk Committee, Clinical Governance Committee and Staff Governance Committee forms the full governance framework for NHS Boards.

The Finance and Performance Committee is established by the Board to review the financial and non-financial targets of the Board, to ensure that appropriate arrangements are in place to deliver against organisational performance measures, to secure economy, efficiency, and effectiveness in the use of all resources, and provide assurance that the arrangements are working effectively.

The Finance and Performance Committee will oversee the ongoing development of a performance management culture in the organisation, where performance management is seen as part of the day job, striving for excellence and focussing on improvement in all aspects of NHS Board business.

2. Composition of the Committee

2.1. Membership

2.1.1. The Finance and Performance Committee members will be appointed by the Board. As a minimum, full membership of the committee should include five Non-Executive Board members.

2.1.2. The Chair of the committee will be Chair of the Board.

2.1.3. Current membership comprises:

- Chair of the Board as Chair
- Non-Executive Director, Chair of Audit and Risk Governance Committee
- Non-Executive Director, Chair of Clinical Governance Committee
- Non-Executive Director, Chair of Staff Governance Committee
- Non-Executive Director, holding the position of Chair or Vice Chair of Shetland Integration Joint Board (IJB)

- 2.1.4. The individual holding the position of Chair or Vice Chair of IJB can though choose to nominate another Board appointee to the IJB as a substitute member for this post on the committee on either a temporary or permanent basis.

2.2. Executive Lead

- 2.2.1. The lead officer for the Finance and Performance Committee shall be the Director of Finance.

Generally, the designated Executive Lead will support the Chair of the Committee in ensuring that the Committee operates according to, and in fulfilment of, its agreed Terms of Reference.

Specifically, the designated Executive Lead will:

- Support the Chair in ensuring that the Committee Remit is based on the latest guidance and relevant legislation, and the Board's Best Value framework;
- Liaise with the Chair and Corporate Services Manager in agreeing a programme of meetings for the business year, as required by its remit;
- Oversee the development of an Annual Work Plan for the Committee, which is congruent with its remit and the need to provide appropriate assurance at the year end, for endorsement by the Committee and approval by the Board;
- Agree with the Chair an agenda for each meeting, having regard to the Committee's Remit and Work Plan;
- Lead an annual review of the Committee Terms of Reference and progress against the Annual Work plan, as part of the process to ensure that the Work Plan is fulfilled; and
- Oversee the production of a Committee Annual Report, informed by self-assessment of performance on the delivery of the Committee's Remit, Work Plan and key performance indicators (KPIs) for endorsement by the Committee and submission to the Board.

2.3. Attendees

- 2.3.1. Attendees may be invited to the Finance and Performance Committee as required but regular attendance of the following is expected:

- Core attendees
 - Chief Executive
 - Director of Finance
 - IJB Chief Operating Officer
 - IJB Chief Financial Officer
 - Director of Nursing, Acute, and Specialist Services
 - Director of Human Resources and Support Services
 - Public Health and Planning Principal
- Ad-hoc attendees (required to contribute to key items on agenda)
 - Head of Estates

Date of last review: 22 February 2024

Date of next review: February 2025

Lead Executive Manager: Director of Finance

- Head of Information and Digital Technology
- Relevant manager when their respective service have a report or other item on the agenda
- Other members of Executive Management Team on request

2.3.2. Where an officer is unable to attend a particular meeting, a named representative shall attend in their place.

3. Functions

3.1. Remit

Provide assurance to the Board based on evidence gained from review, on the adequacy, efficiency and effectiveness of NHS Shetland's governance in respect of the delivery of both financial and non-financial performance is robust and soundly based.

3.1.1. Corporate planning

The Committee will:

- Ensure the production of an Annual Plan, incorporating Shetland NHS Board's Financial Plan, Workforce Plan, Capital Plan, and Annual Operational Plan, setting out the overall direction;
- Monitor progress against that plan, to ensure delivery against the plan is achieved; and
- Develop a Finance and Performance annual business plan outlining the cycle of work.

3.1.2. Performance management

The Committee will:

- Oversee and monitor the Board's performance against the prevailing NHS Scotland and others performance measurement regime, and other local and national targets as required, and ensure that corrective management actions plans are being implemented;
- Support the development of a performance culture within the Board which will drive continuous quality improvement; and
- Adopt a risk-based approach to performance through routine review of the risks delegated to the Committee, focussing on areas of corporate concern identified as requiring an additional strategic and collective approach to ensure delivery against performance targets.

3.1.3. Financial strategy

The Committee will have responsibility for:

- Overseeing development of the Board's Financial Strategy in support of the Annual Operational Plan, including aligning services and financial planning arrangements with community planning priorities;
- Examining in detail the financial plan to ensure that planning assumptions are soundly based and reflect known pressures, potential investments, and opportunities for better use of resources leading to cost reduction; and

Date of last review: 22 February 2024

Date of next review: February 2025

Lead Executive Manager: Director of Finance

- Recommending for approval to the Board an annual financial plan that is consistent with statutory financial responsibilities.

3.1.4. Financial management

The Committee will:

- Receive and consider reports on the Board's revenue performance to ensure appropriate scrutiny and ensure corrective management action plans are in place to address emerging issues;
- Monitor the deliverability of the overall efficiency programme reflecting on both the in-year delivery and also longer-term underlying financial sustainability through delivery of recurring savings target; and
- Review and consider management action plans to address services longer-term sustainability and reduce reliance on temporary staff who are outside standard NHS terms and conditions of employment.

3.1.5. Financial investment

The Committee will:

- Ensure robust appraisal around business case development and delivery;
- Scrutinise business cases for proposed investment ensuring that outcomes and benefits are clearly defined, are measurable and support key objectives delivery;
- Monitor delivery of approved investment projects against agreed outcomes and benefits; and
- Ensure appropriate management action is taken to address any shortcomings.

3.1.6. Strategic and capital projects

The Committee will:

- Have oversight of the Board's Capital Programme and the review of the Property Strategy (including the acquisition and disposal of property); and
- Recommend to the Board annual capital budget and plans consistent with statutory financial responsibilities.

3.1.7. Digital technology, cyber security information and governance

The Committee will:

- Have oversight of the Board's Digital Programme, which will include review of the annual operating plan, and receive an annual report on the digital programme;
- Review the Board's progress in respect of addressing Cyber Security via the Network and Information (NIS) audit programme;
- Have oversight of the Board's Information Governance annual work programme and review and receive an annual report on the information governance programme; and
- Review the Board's progress in respect of implementing the National Records Scotland Public Records (Scotland) Act obligations, via local annual work plan and annual report.

Date of last review: 22 February 2024

Date of next review: February 2025

Lead Executive Manager: Director of Finance

3.1.8. Business continuity

The Committee will:

- Ensure robust arrangements are in place in relation to Business Continuity and Emergency Planning; and
- Review the annual operating plan and receive an annual report on the Board's business continuity activities.

3.1.9. Environmental sustainability

The Committee will:

- Ensure robust arrangements are in place in relation to the Board's plan to meet its climate change and sustainability goals as directed by Scottish Government policy; and
- Review the annual operating plan and receive an annual report on the Board's performance against our net zero route map and other sustainability KPIs.

3.2. Standing items

- Quarterly Performance Reports on both locally agreed and Scottish Government nationally-set KPIs;
- Revenue Finance Monitoring Reports;
- Quarterly Capital Monitoring Reports;
- Access Waiting List management action plans for services that have a material adverse variance;
- Digital Health Updates and
- Finance and Performance Committee Business Plan.
- Strategic Risk Report

3.3. Ad-hoc reports

- Finance and Performance Governance Committee annual performance report;
- Finance and Performance Committee Certificate of Assurance;
- Annual Operating Plan;
- Annual Delivery Plan;
- Winter Plan;
- Finance Annual Planning;
- Digital Health Annual work plan;
- Digital Health Annual performance report;
- Information Governance annual work plan;
- Information Governance annual performance report;
- Annual report on Network and Information (NIS) audit programme;

Date of last review: 22 February 2024

Date of next review: February 2025

Lead Executive Manager: Director of Finance

- Annual report on Public Records Scotland Implementation plan;
- Business Continuity annual work plan;
- Business Continuity annual performance report;
- Environmental Sustainability annual work plan; and
- Environmental Sustainability annual performance report.

3.4. Annual Accounts

Each May reviewing Annual Governance Statement and narrative sections with a view to agreeing and endorsing them with any necessary amendments members believe are required to achieve, so they portray balance in reporting our overall performance to give users a true and fair view of the Board.

4. Meetings of the Committee

4.1. Frequency

- 4.1.1. The Committee shall meet a minimum of four times per year. These meetings can be held using secure digital visual technology or tele-conference link or in the Board's Headquarters or a combination of these in a hybrid meeting.
- 4.1.2. The Chair of the Committee may at any time convene additional meetings of the Committee to consider business which may require urgent consideration.

4.2. Agenda and papers

- 4.2.1. The Chair will set the agenda in conjunction with the Executive Lead.
- 4.2.2. The agenda and supporting papers will normally be sent out at least five working days in advance of the meetings.
- 4.2.3. All papers will clearly state the agenda reference, the author, the purpose of the paper, and the action the Committee is asked to consider.

4.3. Quorum

- 4.3.1. No business shall be transacted at a meeting of the Finance and Performance Committee unless at least three Members are present. For the purposes of determining whether a meeting is quorate, Members attending by either secure digital visual technology or tele-conference link will be determined to be in attendance.

4.4. Minutes

- 4.4.1. Formal minutes shall be taken of the proceedings of the Committee. Draft Minutes shall be distributed for consideration and review to the Chair of the Meeting within 10 working days of the meeting except in exceptional circumstances. The Chair must return any edits within a further five working days of receipt.
- 4.4.2. The draft Minutes will be circulated electronically to Committee Members for approval within the following 10 working days.

Date of last review: 22 February 2024

Date of next review: February 2025

Lead Executive Manager: Director of Finance

- 4.4.3. Minutes will be included for noting in subsequent Board Meeting papers, following approval by the Finance and Performance Committee.
- 4.4.4. The Committee Chair will provide a short written highlight and escalation update to the next Board meeting, regardless of the availability of the approved minutes. Escalation issues might include the committee's inability to provide assurance about an area of delegated responsibility, or flag attendance concerns.

5. Authority

The Committee is authorised by the Board, within its Terms of Reference, to investigate any activity undertaken by NHS Shetland. It is authorised to seek and obtain any information it requires from any employee, and all employees of NHS Shetland are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain external legal or other independent professional advice, and to secure the assistance of people from outside NHS Shetland or the wider NHS with relevant expertise if it considers it necessary.

6. Reporting arrangements

The Finance and Performance Committee reports to Shetland NHS Board for non-delegated matters.

The Committee has a duty to review its own performance and effectiveness, including:

- A mid-year review of its Terms of Reference, considering the need for any amendment or update to the Terms of Reference, which in the event, will require to be approved by the Board;
- A mid-year review of the Committee's established KPIs;
- A mid-year review of the Annual Work Plan, to identify any areas of slippage on timescales or tasks and put in place any additional actions to ensure full delivery of the Committee's Remit and Work Plan by the business year-end; and
- In accordance with Best Value for Board and Committee Working, to submit an Annual Report by 5 April each year encompassing:
 - The name of the Committee,
 - The Committee Chair,
 - The Committee members,
 - The Executive Lead and officer supports and attendees,
 - Frequency and dates of meetings,
 - Member attendance,
 - The activities of the Committee during the year, including:
 - Confirmation of delivery of the Annual Work Plan,
 - Review of the Committee Terms of Reference and KPIs,

Date of last review: 22 February 2024

Date of next review: February 2025

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- Improvements overseen by the Committee, and
- Matters of concern to the Committee (in line with the Annual Report template).

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