

NHS Shetland

Meeting:	Shetland NHS Board
Meeting date:	23 June 2022
Agenda reference:	Board Paper 2022/23/29
Title:	Corporate Governance Handbook Section 4: Scheme for the Constitution, Composition and Functions of Committees and Finance and Performance Committee draft Terms of Reference
Responsible Executive/Non-Executive:	Colin Marsland, Director of Finance
Report Author:	Carolyn Hand, Corporate Services Manager and Colin Marsland, Director of Finance

1 Purpose

This is presented to the Board/Committee for:

- Decision

This report relates to:

- Board's Governance Structure

This aligns to the following NHS Scotland quality ambitions:

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

The Board is asked to:

1. approve the proposed changes to the Corporate Governance Handbook Section 4: Scheme for the Constitution, Composition and Functions of Committees; and
2. agree the Finance and Performance Committee Terms of Reference.

2.2 Background

In the internal review of the Board governance structure it was identified that further scrutiny of the Board's performance and finance would potentially be beneficial to enhance the Board's overall management accountability and strategic planning. There are only two territorial Boards that do not have a Finance and Performance governance committee.

The principles for establishing a Finance and Performance Committee were discussed at the Board Development Session on 22 March 2022. The remit of the committee was subsequently discussed at the Board Development Session on 31 May 2022.

The remit of the Finance and Performance Committee includes areas of governance currently under the remit of the Clinical Governance Committee. In due course, if the terms of references for a Finance and Performance Committee are approved, then revised terms of reference for the Clinical Governance Committee will be required. These will be considered by that committee before seeking Board approval.

The revised Board Governance structure is outline in organogram contained within Appendix 3.

2.3 Assessment

The terms of reference as drafted for the Finance and Performance Committee reflect the views expressed at the Board Development Session on 31 May 2022.

2.3.1 Quality/ Patient Care

Assists in the Board's governance to ensure locally quality of care.

2.3.2 Workforce

Assists in the Board's governance to ensure staff resources, health and wellbeing are appropriate.

2.3.3 Financial

Ensures effective governance is in place to ensure best value of resources.

2.3.4 Risk Assessment/Management

Ensures effective governance is in place to ensure relevant risk assessment and mitigations are in place.

2.3.5 Equality and Diversity, including health inequalities

Ensures effective governance is in place to support the Public Sector Equality Duty, Fairer Scotland Duty, and the Board's Equalities Outcomes.

An impact assessment has not been completed.

2.3.6 Other impacts

No other material issues.

2.3.7 Communication, involvement, engagement and consultation

The Board has not carried out any involvement and engagement with external stakeholders in respect of this paper.

2.3.8 Route to the Meeting

This principles of establishing the Finance and Performance Committee have previously been considered by Board Development Sessions on 22 March 2022 and 31 May 2022.

2.4 Recommendation

- **Decision** – Members are asked to agree the proposed changes and the draft terms of reference.

3 List of appendices

The following appendices are included with this report:

- Appendix No 1, Corporate Governance Handbook Section 4: Scheme for the Constitution, Composition and Functions of Committees.
- Appendix No 2, Finance and Performance Committee Terms of Reference.
- Appendix No 3, Revised Governance Structure Organogram.

NHS Shetland Corporate Governance Handbook

Section 4: Scheme made in terms of Standing Order No. 6.2(b) for the Constitution, Composition and Functions of Committees

1 Standing Committees

- 1.1 Subject to any direction issued by Scottish Ministers, the Board shall appoint such committees (and sub committees) as it thinks fit. The Board shall appoint the Chairs of these committees. The Board shall approve the terms of reference and membership of the committees and shall review these as and when required.
- 1.2 The Board shall appoint committee members to fill any vacancy in the membership as and when required. If a committee is required to be constituted with a particular membership, then the regulation must be followed.
- 1.3 Provided there is no Scottish Government instruction to the contrary, any Non Executive Board member may replace a Committee member who is also a Non Executive Board member, if such a replacement is necessary to achieve the quorum of the committee.
- 1.4 The Board's Standing Orders relating to the calling and notice of Board meetings, conduct of meetings and conduct of Board members shall also be applied to committee meetings. The general exception is that committee meetings shall not be held in public.
- 1.5 The Board shall approve in advance a calendar of meeting dates for its committees. Committee members are expected to protect these meeting dates to ensure they are available to meet their commitments.
- 1.6 The Standing Committees of the Board shall be the Audit Committee, the Clinical Governance Committee, the Finance and Performance Committee, the Staff Governance Committee and the Remuneration Committee.
- 1.7 The Terms of Reference (ToR) for these committees are included as appendices to this section. A standardised template for these ToR has been agreed, including version control.
- 1.8 The Board has also established an Integration Joint Board, in conjunction with Shetland Islands Council to oversee the planning and delivery of Community Health and Social Care services (see section 10).

2 Special Committees

- 2.1 The Board may appoint Special Committees from time to time for such purposes as may be necessary and shall in any event as part of the complaints procedure, a Reference Committee.
- 2.2 Reference Committee
 - 2.2.1 The Committee shall consist of one Member (who will also act as Committee Chair), who shall not also be an employee, one Member who also holds the position of Chief Executive, Director of Finance or Director of Public Health and one professional person of the same profession as the practitioner against whom the allegations are made.
 - 2.2.2 The Committee has the general duty of deciding whether allegations of breach of Terms of Service made against Family Health Practitioners should be referred to a Discipline Committee.

3 Ad Hoc Committees

- 3.1 The Board may establish ad hoc Committees from time to time for such purposes as may be necessary. Such Committees shall have terms of reference approved by the Board and shall remain in existence for only so long as the Board shall determine is necessary. The membership and Chair of such a Committee shall be determined by the Board.
- 3.2 The Chair, or failing whom the Vice-Chair, shall be empowered to establish ad hoc Committees, comprising members of the Board, to deal with appeals in connection with the terms and conditions of employment of staff employed by the Board and of related matters.
- 3.3 The Chair, or failing whom the Vice-Chair, shall be empowered to establish Appointment Committees or Advisory Appointment Committees, in accordance with current Regulations and guidance issued by the Scottish Government Health Directorates, for all appropriate senior staff appointments.

4 Committee Chairs

- 4.1 Subject to the provisions already made above in this connection, the chairs of Standing and Special Committees shall be appointed by the Board.
- 4.2 The chairs of Standing and Special Committees shall be appointed by the Board at an Ordinary Meeting, normally in June, every second year. Members appointed shall hold office for two years provided they remain eligible and members of the Board throughout that period.

- 4.3 During intervals between meetings of Standing and Special Committees, the Chairs of the Committee, or in their absence, the Chair of the Board, or failing which the Vice-Chair of the Board, shall have powers to deal with matters of urgency which fall within the terms of reference of the Committee and require a decision on behalf of the Board, but do not involve principle.

5 Sub-Committees

- 5.1 Standing and Special Committees may from time to time appoint Sub-Committees for such purposes as may be necessary.
- 5.2 The Chairs of Sub-Committees shall be appointed by the parent Committee.

6 Membership and Quorum of Special Committees and Sub-Committees

- 6.1 Special Committees and Sub-Committees may include persons who are not members of the Board or who are not members of the appropriate parent Committee, provided that the number of members of the Board shall always exceed the number of persons who are not members of the Board, unless the Board by special resolution determine otherwise in a particular case.
- 6.2 The quorum for a meeting of a Special Committee or Sub-Committee shall be five members where the whole Committee or Sub-Committee consists of seven or more members, four members when the total membership is six; three members when the total membership does not exceed five, provided that a Special Committee or Sub-Committee to which powers are delegated shall exercise these powers only if a majority of those present are members of the Board and those members are in agreement on the measures proposed.

7 Meetings of Committees and Sub-Committees

- 7.1 Meetings of Standing and Special Committees shall be held with such frequency as may be necessary and whenever the Board so determines. Meetings shall be held on days and at times to be arranged and shall be held at the Board Headquarters Offices or virtually, unless on exceptional occasions a Committee determines otherwise.
- 7.2 Meetings of other Ad Hoc Committees and Sub-Committees shall be held as circumstances require.

8 Variation of Number, Constitution and Functions of Committees; Appointment of Members; Casual Vacancies

- 8.1 Notwithstanding the foregoing rules, the Board may vary the number, constitution and functions of Committees at any meeting of which due notice

has been given specifying the proposed variation by resolution of a simple majority of the whole number of Members of the Board.

- 8.2 Board Members appointed to Standing and Special Committees, who are not members ex officii, shall be appointed for a two-year term with new appointments being made at the ordinary meeting of the Board in June in every second year.
- 8.3 Board Members appointed to Sub-Committees of Standing and Special Committees, who are not members ex officii, shall be appointed for a two-year term with new appointments being made at the first meeting of the parent Committee held after the meeting of the Board in June every second year.
- 8.4 Casual vacancies arising in the membership of Committees and Sub-Committees may be filled by the Board or the parent Committee at any meeting of the Board or Committee subsequent to the occurrence of the vacancy, but the existence of a casual vacancy shall not invalidate the proceedings of a Committee or Sub-Committee.

9 Minutes

- 9.1 A decision note will be drawn up by the Chair of the Committee immediately following the Standing Committee meeting. This will be sent to all committee members and copied to all other Board Members and the Board Secretary.
- 9.2 Minutes of the proceedings at a meeting of a Standing Committee shall be drawn up by or on behalf of the Chief Executive within ten working days of the meeting, and submitted to the Chair for review. The Chair will respond with any amendments within a further five working days. Standing Committee Minutes will then be circulated to Committee Members for virtual approval. Final approved Committee Minutes will be circulated to Committee Members and also copied to all other Board Members and the Board Secretary.
- 9.3 Minutes of the proceedings at a meeting of a Special Committee, Sub-Committee, Appointments Committee, Advisory Appointments Committee or an Ad Hoc Committee shall likewise be drawn up by or on behalf of the Chief Executive, but these proceedings may be reported to the Board or to any Standing Committees of the Board either by the Minutes or in a report from the Special Committee, Sub-Committee, Appointments Committee, Advisory Appointments Committee or Ad Hoc Committee as may be appropriate.

10 Integration Joint Board

- 10.1 The Board, along with Shetland Islands Council has established an Integration Joint Board. This is in line with responsibilities under the

**Includes amendments agreed up to and including the Board Meeting on: 23 June 2022
Further review due by: June 2023**

requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.

- 10.2 The functioning of the Integration Joint Board is described within the Integration scheme, agreed by the Cabinet Secretary for Health, Wellbeing & Sport and approved by order.

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. Should the individual holding the position of Chair or Vice Chair of IJB also hold the position of Chair of a governance committee, another Board appointee to the IJB can be a substitute member for this post on the committee.

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 they 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 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 (expected at every meeting):
 - Chief Executive
 - Director of Finance
 - IJB Chief Financial Officer
 - IJB Chief 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
 - Head of Information and Digital Technology
 - Relevant Manager when their respective service have a report or other item on 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.

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Date of next review: May 2023

Lead Executive Manager: Director of Finance

Approved by:

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 Tayside NHS Board's Financial Plan / Workforce Plan / Capital Plan / Annual Operational Plan, setting out the overall direction;
- Monitor progress against that plan, to ensure delivery against plan is achieved; and
- Develop a Finance and Performance annual business outlying 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:

- Oversee 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;
- Recommend for approval to the Board's the annual financial plan that is consistent with statutory financial responsibilities.

3.1.4. Financial Management

The committee will:

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- 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 reducing reliance on temporary staff 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 measureable and support key objectives delivery; and
- 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.

3.1.8. Business Continuity

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Approved by:

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 Board's planning to meet its climate change and sustainability 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 the Scottish Government national set key performance indicators (KPIs);
- Revenue Finance Monitoring Reports;
- Quarterly Capital Monitoring Reports; and
- Finance and Performance Committee Business Plan.

3.3. Ad-hoc Reports

- Finance and Performance Governance Committee annual performance report;
- Access Waiting List management action plans for services that have a material adverse variance;
- Annual Operating 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;
- 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.

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Lead Executive Manager: Director of Finance

Approved by:

4. Meetings of the Committee

4.1. Frequency

- 4.1.1. The Committee shall meet a minimum of four times per year, with meetings normally held in Board's Headquarters
- 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 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.
- 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/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

- 5.1. 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.
- 5.2. 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

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NHS Shetland or the wider NHS, with relevant expertise, if it is considered necessary.

6. Reporting Arrangements

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

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

- A midyear review of Terms of Reference, considering the need for any amendment / update to Terms of Reference, which in the event, will require to be approved by the Board;
- A midyear review of the Committee's established key performance indicators;
- A midyear review of Annual Work plan, identifying any areas of slippage on timescales / 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;
- In accordance with Best Value for Board and Committee Working, the submission of an Annual Report by 5 April each year encompassing: the name of the Committee, the Committee Chair, members, the Executive Lead and officer supports/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 and review of the Committee Terms of Reference and key performance indicators, improvements overseen by the Committee and matters of concern to the Committee (in line with the Annual Report template).

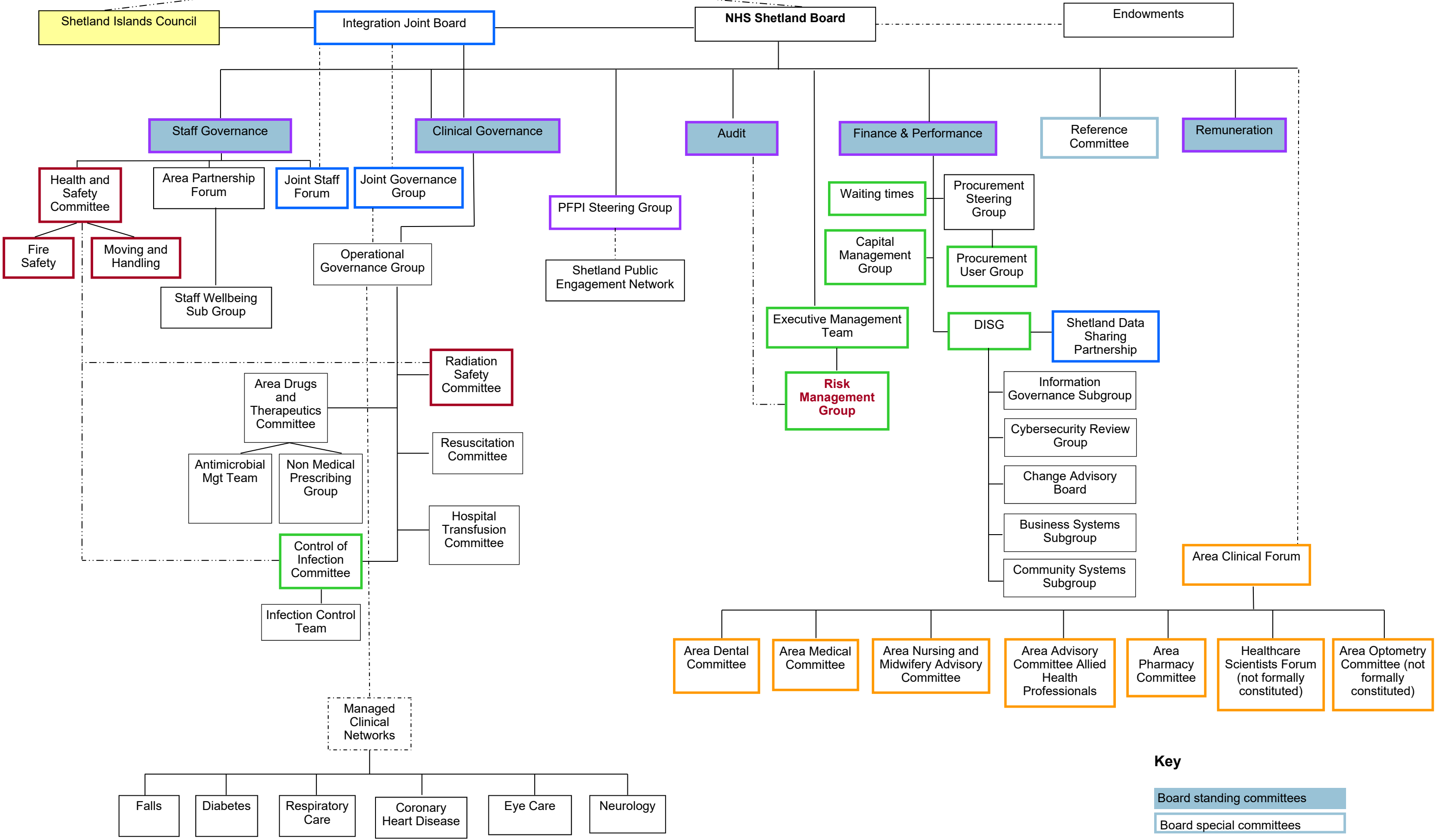
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Approved by:

Community Planning Partnership



Key

- Board standing committees
- Board special committees
- Governance committees
- Management groups
- Risk management groups
- Advisory groups
- Joint meetings