

TERMS OF REFERENCE

for the

**University Hospitals Dorset NHS Foundation
Trust**

Finance & Performance Committee

January 2023

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UNIVERSITY HOSPITALS DORSET NHS FOUNDATION TRUST

FINANCE & PERFORMANCE COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

- 1.1 The Trust's vision is to positively transform its health and care services as part of the Dorset Integrated Care System. Its mission is to provide excellent healthcare for its patients and wider community and be a great place to work now and for future generations.
- 1.2 The purpose of the Finance and Performance Committee is to support the Trust in achieving its strategic objectives: **"To arrange our people and services to best address the planned care backlog, ensuring that all resources are used efficiently to establish financially and environmentally sustainable services and deliver key operational standards and targets"** and **"To transform and improve our services in line with the Dorset ICS Long Term Plan, by separating emergency and planned care and integrating our services with those in the community"**.
- 1.3 The Finance and Performance Committee will do this including through:
- Providing input and recommendations to the Board for the development of the Annual Operating Plan, Productivity and Efficiency Plan (including savings opportunities and merger benefits realisation), Quality Improvement Strategy, Estates Strategy (Masterplan), Sustainability Strategy (Green Plan), Digital Strategy and Private Patients Strategy;
 - Assisting the Trust's Board of Directors (Board) in its oversight of achievement of breakthrough objectives and strategic initiatives relating to finance, performance, digital, sustainability and transformation;
 - Obtaining assurance on the implementation of the Annual Operating Plan, the Productivity and Efficiency Plan, Quality Improvement Strategy, Estates Strategy (Masterplan), Sustainability Strategy (Green Plan), Digital Strategy and Private Patients Strategy;
 - Monitoring risks relating to the efficient use of resources (physical and financial, but excluding workforce which shall be reviewed by the People and Culture Committee), including financial performance;
 - Monitoring implementation progress and obtaining assurance of:
 - Delivery of financial and non-financial benefits of merger integration and reconfiguration;
 - all components of post-merger benefits realisation;
 - the Clinical Services Review implementation; and
 - Mitigations to climate change;
 - Overseeing coordination and coherence of the entire transformation agenda, including both major programmes of changes, as well as creating a culture of empowerment and continuous quality improvement.
- 1.4 The Committee is a committee of the Board and has no executive powers other than those specifically delegated in these terms of reference.

2. RESPONSIBILITIES

Strategies and delivery of the strategic agendas

- 2.1 To receive confirmation from the Board, on an annual basis, of:

- the relevant breakthrough objectives and
 - the relevant strategic initiatives
- which are to be held to account by the Committee.
- 2.2 To obtain assurance that the relevant breakthrough objectives and strategic initiatives, for which the Board has delegated responsibility for oversight to the Committee, are being delivered effectively through monitoring progress, appropriate challenge and escalating to the Board when required.
- 2.3 Statutory requirements
- 2.3.1 To review the Trust's draft Annual Report and Accounts, in conjunction with the Audit Committee, and following satisfactory external audit, making recommendations jointly to the Board for approval, signature, submission and filing.
- 2.4 Financial and operational performance
- 2.4.1 To review for recommendation to the Board the annual plan and medium-term financial plans, including, to the extent necessary and relevant considering the wider Dorset system's annual plan.
- 2.4.2 To review and make comment to the Board on the long term strategic financial plans of the Trust, and to the extent necessary the wider Dorset system, including consideration of the level of capital investment and financial risk.
- 2.4.3 To review and make comment to the Board on the substance of the annual revenue and capital budgets of the Trust, and to the extent necessary the wider Dorset system, and to consider and make recommendations to the Board of Directors on tenders, contracts and business cases for capital and revenue schemes which exceed the Committee's delegated limits set out in the Schedule of Delegation of the Board.
- 2.4.4 To review the financial and operational performance and controls reporting of the Trust, and to the extent necessary the wider Dorset system, to include overall financial and operational performance, financial performance of each Care Group, cash flow, debtors and creditors, transformation, merger and cost improvement programmes, capital spend against plan and resources available.
- 2.4.5 To review and examine monthly and year to date financial management variances both revenue and capital and report to the Board.
- 2.4.6 To keep under review the quality, quantity and timeliness of financial, operational and analytical information provided to the Board and recommend any required changes, particularly in response to changes required to regain budget trajectory or in national requirements on a monthly or annual basis as appropriate.
- 2.4.7 In respect of major capital projects of the Trust, and to the extent necessary the wider Dorset system, to consider business cases in detail and where necessary advise on strengthening prior to making recommendations to the Board for its approval or otherwise. To monitor these projects post-approval and scrutinise any cost or time variances.
- 2.4.8 To review and make comment to the Board on borrowing against Prudential Borrowing Code and other ratios.
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- 2.4.9 To monitor and recommend improvements to Treasury and Financial Systems, meeting the objectives of strengthening the use of financial resources.
- 2.4.10 To review and recommend individual investments of cash balances/cash advances.
- 2.4.11 To monitor banking arrangements, including approving tenders of banking services.
- 2.4.12 To support the Trust in fulfilling the requirements of its licence and commissioner contracts in relation to key performance indicators.
- 2.4.13 To keep the Board updated on any identified regulatory and statutory duties related to financial performance of the Trust and how this impacts delivery against the control total.
- 2.4.14 To consider the impact of accounting policies for external reporting, taking into account the requirements of NHS England and other appropriate bodies.
- 2.4.15 To review the estates strategy and Estates masterplan, providing input and recommendations to the Board, and to monitor progress against and risks associated with the strategy and monitoring other estates-related improvement plans.
- 2.4.16 To review the Private Patient Strategy, the Benefits Realisation Strategy and the Quality Improvement Strategy, providing input and recommendations to the Board and to monitor progress against and risks associated with such strategies.
- 2.4.17 To review the development and delivery of commercial strategies of the Trust, including partnership arrangements with other organisations, providing input and recommendations to the Board.
- 2.4.18 To review the Trust's procurement strategy including having regard to the priorities at national and integrated care system (ICS) level and challenges to the delivery of change and providing input to the Board.
- 2.5 Digital
- 2.5.1 To review the Digital Strategy and provide input and recommendations to the Board for approval.
- 2.5.2 To monitor the implementation of the Trust's information management, technology and digital plans as enablers to efficiency and transformation, receiving regular progress reports to scrutinise delivery and the meeting of key milestones.
- 2.5.3 To receive reporting in relation to cyber security including regular maintenance of critical systems and equipment and minimising impact on clinical services during downtime.
- 2.6 Sustainability
- 2.6.1 To review the Sustainability Strategy (Green Plan) and provide input and recommendations to the Board for approval.

(For this purpose, sustainability means meeting the needs of the current generation without compromising future generations of the ability to meet their needs, in social, economic or environmental terms. The Trust and the wider NHS are also assessing the health and wellbeing of the population for environmental changes, including the impacts of a warming planet, air quality and mitigations for these negative changes).

- 2.6.2 To monitor the implementation of the Trust's sustainability plans, receiving regular progress reports to scrutinise delivery and the meeting of key milestones.
- 2.6.3 To review the Trust's draft Annual Report prior to recommendation to the Board for matters of sustainability, climate adaptation and carbon reduction and related areas of corporate social responsibility.
- 2.7 ICS
- 2.7.1 To receive and review financial and other relevant reports of or relating to the Dorset ICS and provider collaborative.

Risk Management

- 2.8.1 To regularly review the Board Assurance Framework (including through in-depth review of specific risks) and to ensure that it reflects the assurances for which the Committee has oversight, with risks highlighted being appropriately reflected on the risk registers. This shall include, but not be limited to the Committee acting in accordance with Board approved risk appetite and risk tolerance levels when reviewing risks.
- 2.8.2 To be kept apprised of all new and current risks rated 12-25 applicable to the Committee's scope identified on the risk register across the organisation and progress of action plans identified to mitigate these risks.

3. MEMBERSHIP & ATTENDANCE

- 3.1 Membership of the Finance and Performance Committee comprises of three Non-Executive Directors (at least one of whom should have recent and relevant financial experience), the Chief Finance Officer, the Chief Strategy and Transformation Officer and the Chief Operating Officer.
- 3.2 In addition, the following will attend the Committee to provide information and advice with prior agreement of the Committee Chair and/or to present a report to the Committee or a Chief Officer is unable to attend:

- Deputy Chief Finance Officer;
- Head of Productivity & Efficiency;
- Group Directors of Operations;

Group Directors of Operations will attend on a quarterly basis and as invited, and others including, but not limited to:

- the Chair of the Medical Advisory Committee for Private Health UHD;
- the Chair of the Medical Advisory Committee for Dorset Heart Clinic;
- the Associate Director of Estates;
- the Trust Sustainability and Carbon Manager;
- a representative from Communications;

- a representative from Bournemouth, Christchurch and Poole Council;
 - a representative from Bournemouth University
 - the Director of Transformation;
 - the Director of Improvement and Integration;
 - the Director of Organisational Development;
- as invited by the Committee Chair.
- 3.3 The Committee will be chaired by a Non-Executive Director of the Trust (not the Trust Chair or the Chair of the Audit Committee), appointed by the Board of Directors. A Non-Executive Deputy Chair should be nominated (not the Trust Chair or the Chair of the Audit Committee). In the absence of the Committee Chair and/or any appointed Deputy, the remaining members shall elect one of the Non-Executive Directors present to chair the meeting.
- 3.4 Subject to paragraphs 3.2 above and 3.5 and 3.6 below, only members of the Committee have the right to attend Committee meetings. If an executive director member is unable to attend, they may exceptionally send a deputy to the meeting, but the deputy will not have voting rights at the meeting. The Chief Executive Officer will attend on an ad-hoc basis or as required.
- 3.5 Committee members should aim to attend all scheduled meetings but must attend a minimum of two thirds of meetings. The Company Secretary (or their nominee) will maintain a register of members' attendance.
- 3.6 Any member of the Board of Directors may attend any meeting of the Committee with prior agreement of the Chair.
- 3.7 There may be up to two governors attending each meeting as observer(s). Observers are not members of the Committee. These governor(s) will have been nominated to attend by the Council of Governors.

4. AUTHORITY

- 4.1 The Committee is authorised by the Board to investigate/review any activity within the Terms of Reference and to make decisions within its delegated authority limits.
- 4.2 The Committee is authorised to approve its own governance cycle
- 4.3 The Committee shall have delegated authority to approve or reject tenders, award contracts and approve business cases for capital and revenue schemes up to the value delegated to it by the Board.
- 4.4 The Committee is authorised to approve Treasury Management Policies and Investments.
- 4.5 The Committee is authorised to approve the policies and procedures for ensuring economy, efficiency and effectiveness in the use of resources.
- 4.6 The Committee is authorised by the Board to obtain any external advice it requires to discharge its duties and to request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary for or expedient to the exercise of its functions.

- 4.7 The Committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions.
- 4.8 The Committee is authorised to approve policies in accordance with the Document Control Policy.

5. CONDUCT OF BUSINESS

- 5.1 The Constitution, Scheme of Delegation, Standing Orders and Standing Financial Instructions of the Trust, as far as they are applicable, shall apply to the Committee and any of its meetings.
- 5.2 The Committee will normally meet on a monthly basis (and not less than 10 times in each financial year) and at such other times as the Committee Chair shall require.
- 5.3 Meetings of the Committee shall be quorate if there are at least three members present which will include two Non-Executive Directors and one Executive Director. For the avoidance of doubt, an Officer in attendance who has been formally appointed by the Board to act up for an Executive Director shall count towards the quorum.

In the absence of the Chief Finance Officer, his/her deputy must be present.

- 5.4 If a meeting of the Committee is inquorate, then the meeting can progress if those present determine. However no business shall be transacted; items requiring approval may be submitted to the next meeting of the Board as an urgent item.
- 5.5 Meetings of the Committee shall be called by the Company Secretary at the request of the Chair or Chief Finance Officer.
- 5.6 The Company Secretary (or their nominee) is responsible for preparing the agenda for agreement by the Chair, with the Chair consulting with the Chief Finance Officer, Chief Operating Officer and Chief Strategy and Transformation Officer as considered appropriate. The Company Secretary (or their nominee) shall collate and circulate papers to Committee members. Unless otherwise agreed by the Committee Chair, papers should be provided not less than seven working days before the meeting and the agenda and papers should be circulated not less than five working days before the meeting.
- 5.7 The agenda and papers shall be made available upon request to members of the Board.
- 5.8 Under exceptional circumstances, in the case of emergency or urgency, items of business may be conducted outside of formal meetings. This should normally be agreed by the Committee in advance and carried out either by: Chair's action, calling an extraordinary meeting or reaching consensus on a decision by e-mail. Any decisions made in this manner must be formally ratified by the Committee and/or Board at the next meeting.
- 5.9 Committee business may be transacted through virtual media (including, but not limited to video conferencing). At the start of each meeting taking place without all parties physically present, the Chair shall be responsible for determining that the meeting is quorate.

- 5.10 Proceedings and decisions made will be formally recorded by the Company Secretary team in the form of minutes, which will be submitted to the next meeting of the Committee for approval.

6. RELATIONSHIPS & REPORTING

- 6.1 The Committee shall be accountable to the Board.
- 6.2 The Committee shall make recommendations to the Board in relation to issues that require decision or resolution by the Board.
- 6.3 The Committee Chair shall present a report summarising the proceedings of each Committee meeting at the next meeting of the Board. For the avoidance of doubt, where practicable, this shall be a written report, with a verbal update being presented as necessary.
- 6.4 The Committee shall refer to the Audit Committee, Quality Committee, People & Culture Committee and/or Population Health & System Committee any matters requiring review or decision in such forum(s).
- 6.5 For the avoidance of doubt:
- the Quality Committee will have oversight of quality and safety issues including private patient care as part of the quality governance process; and
 - the People and Culture Committee will have oversight of the development by the Trust of an effective staff structure and workforce operating model across the organisation; and
 - the Population Health and System Committee will have oversight of health inequalities, work with system partners in establishing the Dorset ICS and the development of the Dorset provider collaborative.
- 6.6 The governance of Private Health UHD is within the Surgical Care Group and Dorset Heart Clinic within the Medical Care Group. There are operational management groups for these, who report via the Care Group management governance.
- 6.7 The Committee shall receive reports from sub-groups of the Trust Management Group and/or Board Committees that specify matters requiring escalation to the Committee. The Committee shall also receive, from time to time, such reports from such sub-groups as it may require to provide it with assurance relating to matters within the scope of the Committee's responsibilities.

7. MONITORING

- 7.1 Attendance will be monitored at each committee meeting. A matrix (see example at Appendix A) of membership attendees will be used for monitoring purposes.
- 7.2 The Trust's Annual Report will include attendance of members, frequency of meetings and whether meetings were quorate.
- 7.3 On an annual basis, the Committee will provide a self-assessment report to the Board detailing how the Committee has discharged its obligations as set out within

its terms of reference, specifically incorporating an assessment of its effectiveness and making recommendations for improvement, where appropriate.

8. REVIEW

- 8.1 These Terms of Reference will be reviewed annually or sooner if appropriate.
- 8.2 The position of the Chair of the Committee will be reviewed at least every three years.

APPENDIX A

ATTENDANCE AT FINANCE AND PERFORMANCE COMMITTEE MEETINGS

NAME OF COMMITTEE:	Finance and Performance Committee											
Present (including names of members present at the meeting)	Meeting Dates											
Was the meeting quorate? Y/N (Please refer to Terms of Reference)												