

**FINANCE, PERFORMANCE AND DIGITAL COMMITTEE**

**TERMS OF REFERENCE**

<b>Version:</b>	<b>3.0</b>
<b>Approved by:</b>	<b>Finance, Performance and Digital Committee</b>
<b>Date approved:</b>	<b>23 May 2022</b>
<b>Approved by:</b>	<b>Board of Directors</b>
<b>Date approved:</b>	<b>29 June 2022</b>
<b>Date issued:</b>	<b>01 July 2022</b>
<b>Review date:</b>	<b>May 2023</b>

## **FINANCE, PERFORMANCE AND DIGITAL COMMITTEE TERMS OF REFERENCE**

### **1. Constitution**

- 1.1. The Trust Board hereby resolves to establish a Committee to be known as the Finance, Performance and Digital Committee ('the Committee').
- 1.2 The Committee will adhere to, and be cognisant of the Trust values at all times.

### **2. Authority**

- 2.1. The Committee is constituted as a Standing Committee of the Trust Board ('Board'). Its constitution and terms of reference are subject to review and amendment by the Trust Board.
- 2.2. The Committee derives its power from the Trust Board and has no executive powers, other than those specifically delegated in these terms of reference.

### **3. Purpose**

- 3.1 The Committee has been established by the Board of Directors for the purpose of:
  - (i) Overseeing, co-ordinating, reviewing and assessing the financial, performance and digital management arrangements; including monitoring the delivery of the NHS Long Term Plan and supporting Annual Plan decisions on investment and business cases.
  - (ii) Providing the Board with an independent and objective review of, and assurances, in relation to significant financial, performance and digital risks which may impact on the financial viability and sustainability of the Trust.
  - (iii) Providing detailed scrutiny of financial, performance and digital matters in order to provide assurance and raise concerns (if appropriate) to the Board of Directors.
  - (iv) Assessing and identifying risks within the finance, performance and digital portfolio and escalating this as appropriate.
  - (v) Making recommendations, as appropriate, on financial, performance and digital matters to the Board of Directors.
  - (vi) Determining those matters delegated to the Committee in accordance with the Scheme of Delegation and Standing Financial Instructions as set out in the Trust's Standing Orders.
  - (vii) Overseeing the development of and approving the Trust's medium term financial strategy
  - (viii) Maintaining a watching brief over the strategic direction of the Devon ICS as informed by relevant national policy, and informing the Board of such

3.2 The objectives of the committee are:

- (i) To advise the Board of Directors on all aspects of key performance, financial and investment issues to enable sound decision-making.
- (ii) To provide assurance in respect of financial, performance and digital related matters along with business planning.
- (iii) To provide assurance that corrective action has been initiated and managed where gaps are identified in relation to financial, performance and digital risks.

#### **4. Powers**

- 4.1 The committee is authorised by the Board of Directors to investigate any activity within its terms of reference.
- 4.2 The Committee is accountable to the Board of Directors and any changes to these terms of reference must be approved by the Board of Directors.
- 4.3 The Committee is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.
- 4.4 The Committee is authorised by the Trust Board to request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary.
- 4.5 The Committee is authorised by the Board of Directors to obtain outside legal or other specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.
- 4.6 The Committee has been given delegated authority by the Board of Directors to approve all reports required by the various external benchmarking initiatives, including but not limited to GIRFT; Model Hospital etc.
- 4.7 The Committee has been given delegated authority to oversee some financial arrangements relating to the Trust's subsidiaries, joint ventures and its pharmaceutical division (Torbay Pharmaceuticals) which include financial reporting and review of annual plans and in-year delivery.
- 4.8 The Committee has been delegated responsibility by the Board of Directors to approve business cases up to a delegated level as detailed in the Trust's Standing Orders and make recommendations on investments.

#### **5. Duties and responsibilities**

- 5.1 The Committee is empowered to seek assurance, raise concerns and make recommendations to the Board of Directors pertaining to the committee's role and duties.

## 5.2 The duties and responsibilities shall be:

### 5.21 Finance and Financial Performance

- (i) Undertake detailed scrutiny of financial and performance information, including performance against the cost improvement programme and the capital investment programme and cashflow, through detailed review of the Board Integrated Performance Report.
- (ii) Review delivery against the Trust's control total including forward projections and the delivery of any recovery plan.
- (iii) Provide oversight of delivery of major capital projects as and when instructed by the Board.
- (iv) Review and approve all Plans required by the various external benchmarking initiatives eg GIRFT, Model Hospital, including an annual report on their implementation (or more frequently if required).
- (v) Review the Trust Governance Statements as required prior to submission to NHSI.
- (vi) Support the development of the Trust's operational plan, with clear assumptions on allocations, activity and investment.
- (vii) Seek assurance that appropriate capacity and capability is available to support decision making and the effective delivery of the Trust's Financial Plan.
- (viii) Seek assurance that financial performance against the identified performance measures is adequately reflected in the risk register and related action plans.
- (ix) Review the activities undertaken at the reporting groups, including in relation to cash management, any borrowing arrangements and the Trust's Treasury Management Policy.
- (x) Review the activities undertaken by the Procurement Directorate and performance against key national metrics in order to meet national requirements.

### 5.22 Performance Delivery and Assurance

- (i) Keep the content of the Trust's Integrated Performance Report under review, ensuring that it includes appropriate performance metrics and detail of exceptions to provide assurance to the Board on all aspects of organisational performance.
- (ii) Provide assurance to the Board around the Trust's compliance with statutory performance indicators (Urgent Care, RTT, Cancer, Diagnostics), and scrutinise associated recovery plans where relevant
- (iii) Provide assurance that financial and performance data is triangulated through cross verification of data from two or more sources.
- (iv) Seek assurance from the executive that any appropriate management action has been taken to return the Trust's performance to plan and that any such actions or recovery plans are in place are adequately resourced, implemented and monitored.
- (v) Provide assurance to the Board that the performance of the Integrated Service Units are in line with agreed annual plans and receive escalation where recovery plans do not resolve any adverse variance.

- (vi) Review all significant operational risks as they pertain to the Committee and regulatory standards on the high level risk register and the Board Assurance Framework.

#### **5.23 Capital and Estates Programme**

- (i) Provide assurance of compliance with Monitor's Risk Evaluation for Investment Decisions (REID) guidance and Treasury Management guidance, as appropriate.
- (ii) Approve and set the annual investment programme for capital expenditure.
- (iii) Review the Trust's Annual Business Plan, 5 Year Capital Plan and Financial Model and recommend to the Board for approval.
- (iv) Review and provide assurance of the Trust's capital programme under discrete headings (based on high level business case proposals from ISUs):
  - a. Equipment replacement
  - b. Unavoidable major schemes
  - c. IM&T
  - d. Significant strategic importance
  - e. Estates (maintenance/ upgrades)
  - f. Aspirational
- (v) Understand and agree revenue consequences of capital schemes and monitor cash flow implications.
- (vi) Agree investment / dis-investment in services (with full understanding of financial and service implications of these decisions e.g. overheads).
- (vii) Maintain oversight and approval of the Estates Strategy, providing challenge prior to Board approval.
- (viii) Receive updates on implementation of the Estates Strategy, ensuring Estate requirements remain within budget.

#### **5.24 Digital Strategy and Performance**

- (i) Maintain oversight and approval of the development of the Digital Strategy, providing challenge prior to Board approval.
- (ii) Receive updates on implementation of the Digital Strategy, ensuring capital requirements remain within budget.
- (iii) Scrutinise the realisation of benefits associated with digital investments

#### **5.25 Commercial Development**

- (i) Maintain oversight and approval of the development of the Commercial development activities.
- (ii) Receive updates on implementation of the Commercial development activities, ensuring requirements remain within budget.

#### **5.26 Governance**

- (i) Oversee any procedural, policy or strategy documents which fall within the remit of the Committee are appropriately written, ratified and monitored for compliance in accordance with the Trust Policy template including any key national standards and best practice.

- (ii) Ensure that any matters requiring the attention of the Audit Committee are presented at the earliest opportunity.
- (iii) Ensure that any matters requiring Board attention or scrutiny are presented at the earliest opportunity.
- (iv) Ensure that any matters referred to it by the Board or Audit Committee are actioned in accordance with those instructions.
- (v) Receive reports from of the reporting groups and approve any changes to their terms of reference.

## **6. Membership and Attendance**

6.1 Core membership shall be made up of the following:

- 3 Non-Executive Directors
- Chief Finance Officer
- Chief Operating Officer
- Director of Transformation and Partnerships
- Chief Nurse or Medical Director

6.2 All other members of the Board of Directors shall be entitled to attend and receive Committee agenda and papers.

6.3 The Director of Corporate Governance and Trust Secretary, Deputy Director of Finance, Director of Environment and Director of Health Informatics, will be expected to attend each meeting. Others may be invited to attend all or part of any meeting depending upon issues under discussion.

6.4 Members may be represented by a nominated deputy at a specific meeting.

6.5 A register of attendance of Committee members will be maintained and the Chair of the Committee will follow up any issues related to the unexplained non-attendance of members. Should continuing non-attendance of a member jeopardise the functioning of the Committee, the Chair will discuss the matter with the member and, if necessary, seek a substitute or replacement.

## **7. Chair**

7.1 A member of the Audit Committee shall act as Committee Chair. In their absence, one of the other Non-Executive Directors present shall be nominated and appointed as acting Chair for the meeting.

7.2 The Chair will liaise with the Committee Secretary and Chief Finance Officer to ensure the agenda, reports/documents and minutes are circulated to the committee members at least five days prior to the date of the meeting.

## **8. Meeting Administration**

- 8.1 The Committee shall be supported by the Director of Corporate Governance and Trust Secretary, or their nominee, whose duties in this respect will include:
- (i) In consultation with the Chair develop and maintain the reporting schedule to the Committee.
  - (ii) Collation of papers and drafting of the agenda for agreement by the Chair of the Committee.
  - (iii) Taking the minutes and keeping a record of matters arising and issue to be carried forward.
  - (iv) Advising the Committee on scheduled agenda items.
  - (v) Maintaining a record of attendance.

## **9. Quorum**

- 9.1 The quorum necessary for the transaction of business shall be four (4) members, of which two Non-Executive Directors and two Executive Directors must be present.
- 9.2 A duly convened meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.
- 9.3 Deputies shall count towards the quorum.

## **10. Frequency of Meetings**

- 10.1 The Committee shall normally meet monthly or more frequently if required.

## **11. Meetings**

- 11.1 Items for the agenda must be sent to the Committee Secretary a minimum of 7 days prior to the meeting. Urgent items may be raised under any other business.
- 11.2 The agenda will be sent out to the Committee members at least five days prior to the meeting date, together with the updated action schedule and other associated papers.
- 11.3 Meetings, other than those regularly scheduled as above, shall be summoned by the Committee Secretary at the request of the Chair.

## **12. Reporting**

- 12.1 Formal minutes shall be taken of all committee meetings. Once approved by the committee, the minutes shall be presented to the next meeting for approval.
- 12.2 A summary report will be presented by the Committee Chair to the next Trust Board meeting.

12.3 The Chair of the Committee shall, at any time, draw to the attention of the Trust Board any particular issue which requires their attention.

### **13. Conduct of Meetings**

13.1 Except as outlined above, meetings shall be conducted in accordance with the provisions of the Trust's Standing Orders.

### **14. Review**

14.1 As part of the Trust's annual committee effectiveness review process, the Committee shall review its collective performance.

14.2 The Committee's Terms of Reference shall be reviewed on an annual basis and approved by the Board of Directors.

### **15. Monitoring Effectiveness**

15.1 In order that the Committee can be assured that it is operating at maximum effectiveness in discharging its responsibilities as set out in these terms of reference and, if necessary, to recommend any changes to the Board, the Chair will, once a year, lead an effectiveness review of the Committee. The following will be undertaken and reported to the next meeting of the Committee:

- The objectives set out in section 3 were fulfilled; and
- Agenda and associated papers were distributed five days prior to the meeting taking place.

**Appendix 1 – Reporting Groups**

