

**Borders NHS Board****FINANCE AND RESOURCES COMMITTEE****Aim**

This paper asks the Board to agree a change to NHS Borders' Code of Corporate Governance outwith the normal cycle. It recommends that a Board Finance and Resources Committee be created and that the existing Financial Performance Group is disbanded.

**Background**

The Board is aware of the challenging financial outlook that NHS Borders are facing as outlined in the Board's financial plan and all subsequent updates that have been provided.

At present NHS Borders does not have a financial plan that is balanced and has indicated a requirement for brokerage during 2018/19 in order to deliver financial targets. The Board should note that the provision of brokerage will significantly increase the level of external scrutiny in terms of financial performance.

In light of this it is recommended that the current committee structures of the Board are amended to ensure additional attention and focus is given to our financial challenge.

**Summary**

In order to increase the internal focus on the financial performance the following changes are recommended:

- A Finance and Resources Committee is established as a governance Committee providing assurance directly to the Board. This would bring together the financial issues currently covered within the Terms of Reference for the Strategy and Performance Committee and the Finance Performance Group. The key areas of focus would be:
  - Operational Financial Performance
  - Savings, Efficiency and Best Value
  - Strategic Financial Planning
  - Capital Planning
- An amended Board governance structure is attached (Appendix 1) and a suggested Terms of Reference for the Finance and Resources Committee is attached for consideration (Appendix 2).
- The Strategy and Performance Committee Terms of Reference have been reviewed in light of the role of the Finance and Resources Committee and the Financial Performance Group is disbanded. An amended Terms of Reference for

the Strategy and Performance Committee is also attached for consideration (Appendix 3).

## Recommendation

The Board is asked to **approve**:

- A Finance and Resources Committee is created as a governance Committee of the Board and at the first meeting of the Committee the Terms of Reference are agreed.
- The Terms of Reference for the Strategy and Performance Committee are reviewed at the next meeting of the Committee to reflect the change noted above.
- The Financial Performance Group is disbanded.

<b>Policy/Strategy Implications</b>	In line with the Code of Corporate Governance the Board must approve the Non Executive member membership, including the appointment of Chairs and Vice-Chairs as appropriate, of its Committees.
<b>Consultation</b>	Chair and Executive Directors.
<b>Consultation with Professional Committees</b>	Financial Performance Group.
<b>Risk Assessment</b>	Committees are created as required by statute, guidance, regulation and Ministerial direction and to ensure efficient and effective governance of the Board's business.
<b>Compliance with Board Policy requirements on Equality and Diversity</b>	Compliant.
<b>Resource/Staffing Implications</b>	None.

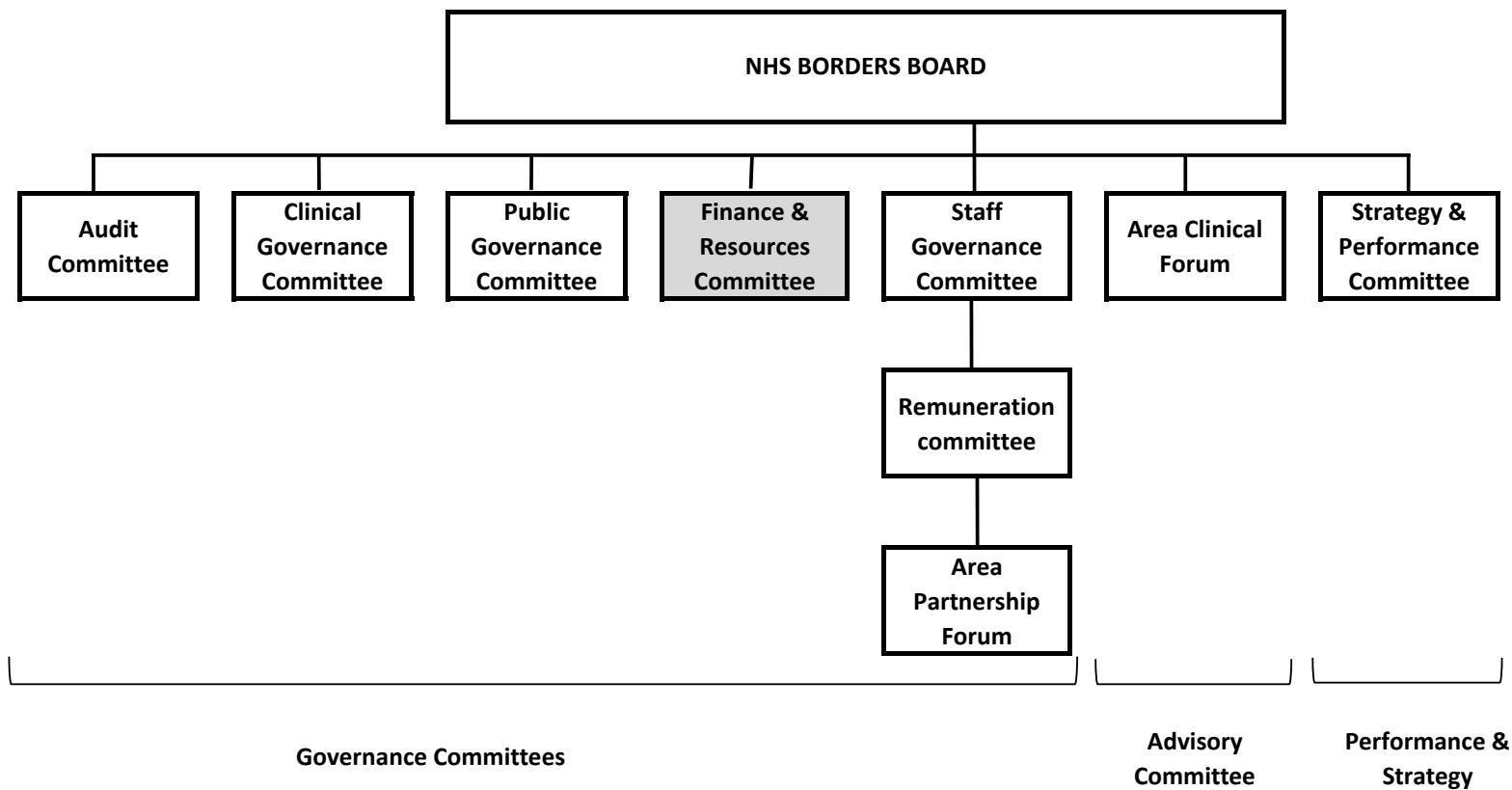
## Approved by

Name	Designation	Name	Designation
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# 1. The Board And Its Committees



The **Pharmacy Practice Committee** has delegated authority from the Board to meet when there are applications to consider in line with statutory instrument 1995 No. 414 (s.28) of the National Health Service (Pharmaceutical Services)(Scotland) Regulations 1995.

## **B) FINANCE AND RESOURCES COMMITTEE**

### **TERMS OF REFERENCE**

#### **1.1 Purpose**

The role of the Committee is to keep under review the financial position of the Board and to provide assurance that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all financial resources and that the arrangements are working effectively.

The Committee will oversee the development of a Financial Strategy for approval by the Board that is consistent with the principle of Patient Safety as our number one priority, but with reference to all other national and local priorities.

#### **1.2 Composition**

The membership of the Committee shall consist of 3 Non Executive Directors including:

- Chair of the Board
- Deputy Chair of the Board
- Chair of Audit Committee
- Non Executive Director

Attendees In attendance:

- Chief Executive (as Accountable Officer)
- Director of Finance
- Medical Director
- Director of Nursing
- Chief Officer of the Integration Joint Board
- Board Secretary (Secretariat)
- Deputy Director of Finance

Attendees may be invited to the Committee at the discretion of the Chair and it is anticipated, depending on the issues to be discussed, that other key individuals from the wider organisation will be asked to attend.

The Committee will identify a Chair from the Non Executive membership, which the Chair of the Board will recommend to the Borders NHS Board for approval.

#### **1.3 Meetings**

Meetings of the Finance and Resources Committee will be quorate when at least two Non Executive Members are present. It is anticipated that all attendees, or their nominated deputy, will attend all meetings of the committee.

The Committee will meet no less than 4 times per year and conduct its proceedings in compliance with the Standing Orders of the Board.

The Chair of the Committee, with the support of the Chief Executive, shall set the agenda for the meetings. Committee members who wish to raise items for consideration on future agendas can do so under Any Other Business or through the Committee Chair.

The agenda and supporting papers will be sent out by the Board Secretary, at least seven days in advance of the meetings to allow time for members' due consideration of issues.

Formal minutes and an action tracker arising from Committee business shall be kept to record, identify and ensure actions are carried out. The Committee will be supported by the Board Secretary who will submit the minutes for approval at the next Finance & Resources Committee meeting, prior to submission to the Board.

### **1.3 Remit**

#### **1.3.1 Financial Performance**

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 level and balances of reserves held by the Board.
- The impact of planned future policies and known or foreseeable future developments on the underlying financial position of the Board.

The Committee shall undertake an annual self assessment of the Committee's work and review regularly the sections of NHS Borders Integrated Performance Report relevant to the Committee's responsibility.

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

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) The planning, appraisal, control, accountability and evaluation of the use of current and future resources.
- (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 its statutory requirements.

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

The Committee has key responsibility for:

- Reviewing the development of the Board's Financial Strategy in support of Local and Regional Delivery Plans, and recommending approval to the Board.
- Reviewing and agreeing the level of budget to be provided to the IJB for the functions delegated and make recommendations to the Board.
- Reviewing the H&SCI Strategic Commissioning Plan to ensure the outcomes can be delivered within the Board's revenue and capital plans.
- Reviewing all resource allocation proposals outwith authority delegated by the Board and make recommendations to the Board.
- Monitoring the use of resources available to the Board.
- Reviewing the Property Strategy (including the acquisition and disposal of property) and make recommendations to the Board.
- Reviewing all matters relating to the achievement of Best Value.

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.

### **1.3.4 Drug & Prescribing Budgets**

The Committee will oversee the allocation of resources to prescribing budgets based on the horizon scanning and assessments undertaken.

## **1.4 Reporting**

The minutes of the Financial and Resources Committee meetings will be submitted to the next meeting of the Committee for approval.

The Finance and Resources Committee will report to the Board and is required to produce an Annual Statement of Assurance for submission to the Board, via the Audit and Risk Committee. The proposed Annual Statement 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 and Risk Committee in June.

The Annual Statement will include the Committee's conclusions on the achievement of Best Value by NHS Borders 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.

The Committee will put in place arrangements which will provide assurance to the Chief Executive as Accountable Officer, and 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".

### **1.5 Authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference, and is authorised to seek any information it requires from any employee. All Members, employees and agents of the Board are directed to co-operate with any request made by the Committee.

In order to fulfil its remit the Committee may obtain whatever professional advice it requires, and require other individuals to attend meetings as required.

NHS Borders as a legal entity has in place a range of constitutional governance protocols that are required to be followed by Board staff. These include Standing Orders, Standing Financial Instructions and Schemes of Delegation. All members of the Committee must have a good working knowledge of these protocols. For the Committee to work to best effect, it is important that members work within the various regulations set out and fully recognise and acknowledge when any proposed actions are likely to be unconstitutional, thereby commencing appropriate referral or sanction.

### **1.6 Review**

The Terms of Reference of the Finance and Resources Committee will be reviewed on an annual basis.

## STRATEGY AND PERFORMANCE COMMITTEE

### ~~MEMBERSHIP AND~~ TERMS OF REFERENCE

#### 1.1 Purpose

- To oversee policy and strategy development
- To act as the Performance Management Committee of the Board
- To act as the Service Redesign Committee of the Board
- To influence the early development of the strategic direction of the Board

#### 1.2 Composition

Membership of the Committee shall be:

##### *Members*

- Chair of the Board (Chair)
- ~~All~~ 3 Non Executive Directors
- Chief Executive
- Director of Public Health
- Medical Director
- Director of Nursing, Midwifery & Acute Services
- Director of Finance, -Procurement, Estates & Facilities
- Director of Workforce
- Director of ~~Planning~~ Strategic Change & Performance
- Chief Officer Health & Social Care Integration

##### ~~• Head of Delivery Support~~

Attendees shall be:

- Board Secretary (Secretariat)
- Clinical Board Chairs

Attendees may be invited to the Committee at the discretion of the Chair.

The Lead Officer for the Strategy and Performance Committee shall be the Chief Executive.

#### 1.3 Meetings



Meetings of the Strategy ~~&and~~ Performance Committee will be quorate when one third of the whole number of members, of which at least two are Non Executive Members are present.

The Strategy and Performance Committee will be chaired by the Chair of the Board.

The Committee will meet no less than 4 times per year and conduct its proceedings in compliance with the Standing Orders of the Board.

The Chair of the Committee, in conjunction with the ~~Lead Officer for the Committee~~Chief Executive shall set the agenda for the meetings. Committee members who wish to raise items for consideration on future agendas can do so under Any Other Business or through the Committee Chair.

The agenda and supporting papers will be sent out by the Board Secretary, at least seven days in advance of the meetings to allow time for members' due consideration of issues.

Formal minutes and an action tracker arising from Committee business shall be kept to record, identify and ensure actions are carried out. The Committee will be supported by the Board Secretary who will submit the minutes for approval at the next Strategy ~~&and~~ Performance Committee meeting, prior to submission to the Board.

## **1.4 Remit**

### 1.4.1 Strategy Development

The Committee will have an important role in shaping the development of the Strategic Framework of the Board.

The Committee will ensure detailed and appropriate scrutiny of the development of all strategies, which require approval by the Board, including the Local Delivery Plan, and make recommendations on them to the Board.— The Committee will ensure that strategies are compliant with the duties of the Board in respect of meeting legislative and good practice requirements. —The Committee will also ensure that there is an integrated approach to workforce, finance and service planning.

### 1.4.2\_ Service Redesign

The Committee will ensure that service redesign encompasses collaborative working across health, social care and other organisations, with explicit links between service redesign, service improvement, workforce planning and the strategic priorities for NHS Scotland.

### 1.4.3—Financial Framework \_\_\_\_\_ Patient Stories

~~The Strategy and Performance Committee will oversee the development of a Financial Strategy that is consistent with national and local priorities, and specifically:~~

~~1. The Committee shall oversee the development of the Board Financial Strategy in support of the Local Delivery Plan.~~

~~2. The Committee shall recommend to the Board, annual revenue and capital budgets, and financial plans consistent with its statutory financial responsibilities.~~

The Committee will ensure the organisation is supportive of the Patient Rights (Scotland) Act and the Person Centred Health and Care Programme through the receipt of patient stories at each meeting. The patient stories will highlight to the Committee the experiences of patients and carers. The Committee will support organisational learning and priority setting and consider the opportunities and positive outcomes which can be delivered by working in partnership with service users in an innovative and creative way.

#### **1.4.4 Inspections and Inquiries**

~~The Committee shall examine in detail the financial plan for NHS Borders to ensure that planning assumptions are soundly based, and reflect known pressures, potential investments and opportunities for cost reduction.~~will seek assurance of an ongoing focus to achieve inspection standards as outlined by Health Improvement Scotland. The Committee may make recommendations to the Board.

~~The Committee shall review the financial impact of planned future policies and known or foreseeable future developments.~~actions taken by NHS Borders in relation to high profile inquiries that may attract media interest. The Committee may make recommendations to the Board.

~~3. The Committee will annually review and agree the level of budget to be provided to the IJB for the functions delegated.~~

~~4. The Committee will review the H&SCI Strategic Commissioning Plan to ensure the outcomes can be delivered within the Board's revenue and capital plan.~~

~~5. The Committee shall review the capital plan of NHS Borders and consider the impact of development opportunities and any risks arising from the delivery of the programme and the risks presented by projects which are not able to be resourced.~~

~~6. The Committee shall review the Property Strategy (including the acquisition and disposal of property).~~

#### **1.4.4-5 Performance Management**

~~The Committee shall have oversight of systems and processes to secure economy, efficiency and effectiveness in the use of resources.~~ensure services are delivered effectively and performance is in line with expectations. The Committee may, from time to time, review individual services in relation to performance management, ensuring that health care is delivered to an efficient and cost-effective level. ~~Specifically, the Committee will:~~

~~1. Ensure a rigorous and systematic approach to the monitoring of delivery of national and local priorities.~~

~~2. Monitor the delivery of health related Outcomes~~outcomes and ~~Performance Targets~~performance targets for functions delegated and resources provided to the Health & Social Care Integration Joint Board (IJB) and for services commissioned by the IJB.

~~3. Promote an integrated approach to performance management and risk, including review of the Strategic Risk Register of the Board.~~

~~4. Oversee an effective approach to prioritisation of resources, supported by appropriate and relevant benchmarking and comparative information to inform decision-making.~~

5. Ensure the organisation works with other partners to secure effective and integrated systems of performance management.

The Committee is clear of its corporate responsibilities and accountabilities.

The Committee operates in an open and transparent manner so as to secure clarity of decision making.

### **1.5 Risk Reporting**

To avoid the Committee's agenda becoming over-burdened and unmanageable specific pieces of work will be delegated to the appropriate Director, sub group or short-life task and finish groups reporting to the Committee with very specific remits, objectives, timescales and membership.

### **1.6 Best value**

The Committee will put in place arrangements which will provide assurance to the Chief Executive as Accountable Officer, that NHS Borders has systems and processes in place to secure best value for these delegated areas.

### **1.7 Authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference, and is authorised to seek any information it requires from any employee. All Members, employees and agents of the Board are directed to co-operate with any request made by the Committee.

In order to fulfil its remit the Strategy and Performance Committee may obtain whatever professional advice it requires, and require other individuals to attend meetings as required.

NHS Borders as a legal entity has in place a range of constitutional governance protocols that are required to be followed by Board staff. These include Standing Orders, Standing Financial Instructions and Schemes of Delegation. All members of the Committee must have a good working knowledge of these protocols. For the Committee to work to best effect, it is important that members work within the various regulations set out and fully recognise and acknowledge when any proposed actions are likely to be unconstitutional, thereby commencing appropriate referral or sanction.

### **1.8 Reporting Arrangements**

- The Strategy and Performance Committee reports to the Board.
- The minutes of the Strategy and Performance Committee meetings will be submitted to the next meeting of the Strategy and Performance Committee for approval.
- The minutes will then be presented to the following Ordinary Meetings of the Board for noting.

### **1.9 Review**

The Terms of Reference of the Strategy and Performance Committee will be reviewed on an annual basis.