

## Trust Board 27 September 2022

### Finance and Performance Committee Annual Review 2021/22

#### Purpose

To provide an annual review of the effectiveness of the Finance and Performance Committee for 2021/22.

#### Analysis of the issue

The Finance and Performance Committee is a Non-executive Director led Committee of the Trust Board. Since September 2021 FPC has met on a bi-monthly basis. Its membership has five key Executive Directors and three Non-Executive Directors including a Non-Executive from the Quality Assurance Committee which ensures triangulation between the two committees.

FPC is tasked with undertaking financial reviews, including capital planning and infrastructure developments, on behalf of the Trust Board, and considers actions to mitigate any major financial and performance risks facing our Trust. Business development opportunities and the production of both the annual and longer term business plans are also within their remit. The Committee provides assurance over LPT's operational performance to the Trust Board. This includes performance against the national priorities as set out in the NHS Operational Planning and Contracting Guidance.

Following the guidance issued by NHSEI in December 2021, the Committee will have oversight of two additional areas from 2022/23;

- Cyber Security
- Procurement

These will be included in the Committee workplan for the year to ensure that appropriate assurance is received.

#### Proposal

- Mid-year review of effectiveness to be undertaken in November 2021
- Update the Terms of Reference to include the themes and responsibilities of the NED champion roles – the revised ToR is attached in Appendix B

#### Decision required

- To confirm a level of assurance over the effectiveness of the Finance and Performance Committee and the improvement objectives identified for 2022/23 (appendix A)

## FPC Committee Review 2021/22

### 1. Fulfilling the Terms of Reference

#### 1.1 Interim Governance Arrangements

In response to the covid pandemic, interim arrangements were put in place to categorise and determine an appropriate governance approach to meetings. These arrangements remained in place during 2021/22. The FPC was categorised as 'critical', meaning that meetings continued as per the meeting schedule but focussed on essential business.

All meetings were held virtually on Microsoft Teams.

FPC usually receives regular highlight reports, and an annual committee review from the level 2 committees which are direct reports. However, during the pandemic some of these Level 2 committees have run a reduced agenda or have stood down for a period. The level 2 and 3 committees have been required to produce an annual committee review for 2021/22 and all the findings have been summarised in a separate overarching report.

FPC is parent committee to the following level 2 committees:

- Estates and Medical Equipment Committee
- Transformation Committee (stood down until June 2021)
- IM&T Committee
- Data Privacy Committee (reduced agenda)
- Capital Management Committee (reduced agenda)
- Improving Access Committee

The Improving Access Committee was formally the Strategic Waiting Times & Harm Review Committee. The November 2021 Highlight Report was presented to FPC in February 2022 to confirm this change and explain that this better described the remit of the Committee. The Terms of Reference was also presented to the FPC and approved.

#### 1.2 Terms of Reference and Work Plan

The duties of the ToR were covered through the work plan and agendas during the year. The ToR has been updated for 2022/23 (Appendix B) and the work plan has been updated to reflect any changes.

#### 1.3 Membership

Membership attendance has been satisfactory and each meeting was quorate.

The quorum is three members of the Committee and must include a Non-Executive and a Clinical Executive Director.

The ToR states that the Committee shall meet no less than six times a year. During 2021/22 the Committee met five times; this was due to the change in rhythm of the Trust Board to align with that of Northamptonshire Healthcare NHS Foundation Trust. The FPC met in November 2021 and was then due to meet in January 2022. As the Trust Board rhythm changed, it met in January 2022 and therefore the FPC skipped that month and met in February 2022. This was a one off, and the Committee is scheduled to meet for a minimum of six times in 22/23. A joint QAC/FPC workshop was planned to bridge the gap however this was cancelled due to the demands of the Omicron wave of Covid.

The FPC meetings in 21/22 had the following attendance;

Name:	Role:	25.5.21	27.7.21	28.9.21	30.11.21	22.2.22
Faisal Hussain	Chair	✓	✓	✓	✓	✓
Liz Rowbotham	NED	✓	✓	NA	NA	NA
Ruth Marchington	NED	NA	NA	X - MI	✓	✓
Vipal Karavadra	NED	NA	NA	NA	✓	X
Sharon Murphy	Director of finance	✓	✓	✓	✓	✓
Avinash Hiremath	Medical Director	✓	X	✓	✓	✓
Helen Thompson	Director of CYP & LD	✓	X - MR	X - PW	✓	✓
Fiona Myers	Director of CHS	✓	✓	NA	NA	NA
Sam Leak	Director of CHS	NA	NA	✓	✓	✓
Chris Oakes	Director of Governance & Risk	✓	X - KD	✓	X - KD	✓
David Williams	Director of Strategy & Partnerships	✓	✓	✓	✓	✓

#### 1.4 External Assurance

The committee can receive external assurance from a number of sources including;

- The Group Model with Northamptonshire Healthcare NHS Foundation Trust
- Externally commissioned reviews, we note that there have not been any reported to the FPC during 2021/22
- Internal Audit reports. This includes the presentation of pertinent limited (or part limited) assurance reports, see section 1.5 for detail.
- External review by patient groups and key stakeholder groups such as Healthwatch e.g. “Enter and View” visits. There were no LPT specific reports for FPC oversight during the year.

#### 1.5.1 Internal Audit

- The following internal audits were aligned to FPC during the year; there were no reports with limited or split limited assurance for committee oversight during the year;
  - 2021-LPT-10 Data Security and Protection Toolkit. Issued in April 2021 with an independent auditor assessment rating of Substantial.
  - 2122-LPT-01 Financial Systems. Issued November 2021 with a Significant Opinion.
  - 2122-LPT-07 General Ledger and Financial Reporting Arrangements. Issued February 2022 with a Significant Opinion.
  - 2122-LPT-10 Performance Management Framework. Issued March 2022 with a Significant Opinion.

## 2. Committee Effectiveness

2.1 Overall, the meetings have been considered as well-run. Papers are issued five working days ahead of the meeting and are of good quality. It is recognised that the size of the agenda and papers is lengthy. The minutes of the meetings reflect thorough and informed debate for items with a rigour for matters not proceeding as expected and support for positive progress as assured. After every meeting the Committee provides Highlight Reports for assurance levels received for agenda topics to the Trust Board.

#### 2.2 Committee Priorities 2021/22

In the 2020/21 annual review, the following priorities were determined for FPC during 2021/22;

- Impact of Integrated Care System and Provider collaborative
- Induction of new NED
- Establish and embed the process for reporting on third party assurance to the Committee
- Ongoing implementation of the revised governance.

These priorities are being met in a number of ways. They fall into the remit of FPC and align to the COVID committee agenda priorities. In addition to scheduled work plan items, there has been a deep dive during the year regarding the Beacon Unit finances in September 2021.

### 2.3 Key in-year changes

There have been a number of changes impacting on FPC during 2020/21, these include;

- A revised risk appetite matrix and application of tolerance levels on the ORR.
- Ongoing maturity of the board architecture to promote the correct flow of information into the committee
- The establishment of assurance reporting from the East Midlands Provider Collaborative for Adult Eating Disorders.

### 2.4 Achievements and successes in 2021/22

Feedback on achievements from Committee members primarily falls within the following themes;

- Addressing the impact of COVID and managing the pandemic with a continued focus on financial & performance assurance during response to level 4 incident.
- Transition between chairs of committee with no disruption to delivery of workplan/assurance.
- Continued close working with QAC.
- Well sighted on harm review processes and action on priority waiting times.
- Good assurances on financial position and action taken to achieve positive year end position.
- ORR used well as a tool for discussion on risks.

### 2.5 Challenges and barriers during 2021/22

Feedback on challenges from Committee members primarily related to the following;

- Estates maintenance issues with UHL.
- Waiting times performance.
- Sometimes lack of connection between enabling services assurance of green and outcomes in operational areas e.g. impact of SystmOne on services.

## 3. Future Plans

### 3.1 The future plans and priorities identified for the FPC will ensure that the Committee is focusing on the right agenda during 2022/23. These include;

- Oversight of additional themes of cyber security and procurement
- Where limited or no assurance internal audit reports are received (or where they are part of split assurance), the full report will be received by the Committee.
- Guidance will be provided to promote consistency in the use of Highlight Reports and assurance ratings.
- Onboarding new NED and involve in committee whilst maintaining a focus on delivery.
- Data quality.
- Waiting times delivery.
- Financial delivery, including how ICS financial delivery impacts on LPT.

- Impact of FM services transfer on finances & service delivery.
  - Reduction in agency expenditure whilst maintaining safer staffing.
  - Relationship to and informing finance and performance risks in the LLR system.
  - The responsibility for EPRR will move from FPC to AAC under the NHSEI guidance for NED champion roles and committee responsibilities for key themes.
- 3.2 The Committee will continue its oversight and scrutiny of priorities relating to the Step up to Great Strategy and areas of strategic risk.

## Finance and Performance Committee Terms of Reference

*References to “the Committee” shall mean the Finance and Performance Committee*

### Purpose of Committee

The Finance and Performance Committee is a (Level 1) Committee of the Trust Board and will exercise its delegated authority in line with the Standing Orders of the Trust Board and its approved Terms of Reference. Its principal purpose is the provision of assurance to the Trust Board of effective governance arrangements, with a focus on areas related to the Trust’s Step Up To Great Strategy and will work to a plan built around assurance over the delivery of key financial strategies, key financial indicators, business development and investment, performance management, estate management and IT management.

The Committee will assess at each meeting the level of assurance it has received from the reports presented to it and identify if it was assured, partly, or not assured. Any immediate high risk concerns raised during the meeting will be shared directly with all Board members.

The Committee shall make whatever recommendations to the Trust Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee reserves the right to commission further pieces of work to obtain further assurance

As a Committee of the Board of Directors, it is important that the Finance and Performance Committee minimises areas of overlap with the Audit Committee. Therefore, the following specific areas of responsibility will be excluded from the Finance and Performance Committee Agenda:

- Audit – External and Internal;
- Arrangements for and Subsequent Adoption of Annual Accounts;
- Standing Financial Instructions and Scheme of Delegation;
- Local Counter Fraud Specialist work

### Duties

The Committee will receive regular highlight reports, and an annual committee review from the level 2 committees which are direct reports;

- Estates and Medical Equipment Committee
- Transformation Committee
- IM&T Committee
- Data Privacy Committee
- Capital Management Committee
- Improving Access Committee

Following guidance from NHSEI in December 2021, the Board has approved an allocation of Non-Executive Director Champion roles and has appointed a Senior

Independent Director. Whilst none of these role map directly to FPC, the guidance recommended that a further 11 key themes should be overseen through committee structures. The 2 which apply to the FPC are detailed below;

- Cyber Security
- Procurement

The committee will ensure that the Trust has in place a comprehensive financial and performance management control framework; it will review the requirements for the development of financial and performance reporting systems and will receive assurance over;

### **Finance**

- To review and monitor performance against all statutory and organisational financial targets.
- To review and make recommendations to Board on budgets, strategic plans and long-term investment strategy. This review will include reviewing the Long Term Financial Model (or equivalent planning model) and associated strategies; Cost Improvement Programmes; capital programmes; activity and capacity plans, and Annual Business Plan, and any financial/budgetary arrangements with partners.
- To review and make recommendations to Board on all significant investment and divestment proposals under the Trust's Scheme of Reservation and Delegation, and in line with best practice investment appraisal techniques, the five-year Long Term Financial Model and agreed strategies; and to approve any financing or use of financial instruments within its delegation.
- To ensure there are robust arrangements for overview and scrutiny of;
  - The estates, procurement and IT strategies, and their delivery.
  - Capital development plan
  - The treasury management function
  - Approval of accounting policies and treasury management policy.

### **Business Development and Contracting**

- To ensure an appropriate and robust business development framework is in place and to regularly review its operation.
- To oversee and approve under delegated limits the investment appraisal of business cases and wider business development opportunities
- To review regularly the Trust's performance against tender bids, both successful and unsuccessful
- To ensure an appropriate and robust response is in place for contracting, and that the Trust has timely and accurate costing and activity information to support the process.
- To ensure the Board of Directors is advised of any significant variation in activity and its impact on income and costs.
- Receive assurance on;
  - Joint ventures
  - Operational plan

### **Performance**

- To scrutinise the performance of operational and corporate services in their contribution to the achievement of strategic objectives, KPIs and contractual targets.
- To ensure that an effective performance management and data quality system is in place.
- To ensure the arrangements and performance of the shared facilities management services are adequate and monitored regularly throughout the financial year.
- To review the performance, business plans and value added contribution from hosted services on a regular basis.
- To oversee the assessment of benefits realisation and achievement of value for money for areas of delegated responsibility
- To receive assurance on;
  - Information Governance Toolkit Declaration
  - Data Quality
  - LPT Major incident plan
  - Premises Assurance Model
  - PLACE
  - Fire Safety
  - Medical Devices
  - Pertinent external visits, reviews, inquiries and investigations
  - Sustainability
  - Hosted services (360 Assurance and LHS)

### **Governance**

- Ensure the effectiveness of the Trust's finance and performance governance arrangements and advise the Trust Board and Audit & Assurance Committee; it will also liaise with the Quality Assurance Committee as necessary;
- Through liaison with the Audit Committee, be sighted on limited, split or no opinion finance and performance-related audits commissioned as part of the Internal Audit Plan so that the Committee can assess/ seek assurance over the actions instigated to address the recommendations arising from such audits;
- Disseminate within the organisation learning from assurances and information, including improvement identified through liaison with Northamptonshire Healthcare NHS Foundation Trust.

### **Risk**

- Exercise oversight of and assurance on those ORR risks assigned to it in line with the Trust's Risk Management Strategy;
- Where appropriate, commission a deep dive thematic review to undertake greater analysis where level of risk warrants.

### **Membership**

The members and in attendance membership of the Committee is listed in Appendix 1. Membership of the Committee will be reviewed and agreed annually with the Trust Board.



The Chair of the Committee shall be one of the independent Non-Executive Directors selected by the Chair of the Trust Board. In their absence their place will be taken by another independent Non-Executive Director.

## Secretary

The Committee shall be supported administratively by the Corporate Affairs Manager. This includes; production of the Committee information pack to be circulated within 7 days prior to the meeting, attend the meetings to take the minutes, keep a record of matters arising and issues to be carried forward and generally provide support to the Chair and members of the Committee.

The agenda will be agreed with the Chair following consultation with the Director of Finance, Business and Estates.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda and supporting papers will be forwarded to each member of the Committee, and any other person required to attend, no later than 5 working days before the date of the meeting.

The agenda for each meeting will include an item "Declarations of interest in respect of items on the agenda". Any declarations made will be recorded in the minutes of the meeting.

Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

## Quorum

The quorum necessary for the transaction of business shall be three, and must include a Non-executive Director and an Executive Director. A duly convened meeting of the Committee 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.

## Frequency

The Committee shall meet bi monthly (not less than 6 times a year) and at such other times as the Chair of the Committee shall require at the exigency of the business.

The Quality Assurance Committee and the Finance and Performance Committee will hold joint workshops for any key joint agenda items where relevant and will report on recommendations separately.

Members will be expected to attend at least three-quarters (75%) of all meetings.

## Annual Review

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Trust Board for approval.

## Appendix 1 – Membership of the Committee

Quality and Assurance Committee	
Membership	<ul style="list-style-type: none"> <li>• NED (<b>chair</b>)</li> <li>• NED x 2 (including one who also attends QAC)</li> <li>• Director of Finance, Business and Estates (<b>Executive Lead</b>)</li> <li>• Director of Strategy and Business Development</li> <li>• A Service Director</li> <li>• The Medical Director or Director of Nursing, AHPs and Quality</li> <li>• Director of Governance and Risk</li> </ul>
In attendance	<ul style="list-style-type: none"> <li>• Deputy Director of Finance</li> <li>• Deputy Director of Governance and Risk</li> <li>• Other managers will be invited to attend as and when required</li> </ul>
Frequency	Not less than 6 times per 12 months
Day and times	The last Tuesday of every other month /13:00 until 15:30 to be extended to 16:00 where required

## Governance table

<b>For Board and Board Committees:</b>	Trust Board 27 September 2022	
<b>Paper sponsored by:</b>	Chris Oakes, Director of Governance and Risk	
<b>Paper authored by:</b>	Kate Dyer, Deputy Director of Governance and Risk	
<b>Date submitted:</b>	20 September 2022	
<b>State which Board Committee or other forum within the Trust's governance structure, if any, have previously considered the report/this issue and the date of the relevant meeting(s):</b>	Joint QAC/FPC Workshop 24 May 2022 Audit and Assurance Committee – 10 June 2022	
<b>If considered elsewhere, state the level of assurance gained by the Board Committee or other forum i.e. assured/ partially assured / not assured:</b>	n/a	
<b>State whether this is a 'one off' report or, if not, when an update report will be provided for the purposes of corporate Agenda planning</b>	Annual	
<b>STEP up to GREAT strategic alignment*:</b>	High Standards	
	Transformation	
	Environments	
	Patient Involvement	
	Well Governed	Yes
	Reaching Out	
	Equality, Leadership, Culture	
	Access to Services	
	Trust Wide Quality Improvement	
	List risk number and title of risk	
<b>Organisational Risk Register considerations:</b>	Yes	
<b>Is the decision required consistent with LPT's risk appetite:</b>	None	
<b>False and misleading information (FOMI) considerations:</b>	Confirmed	
<b>Positive confirmation that the content does not risk the safety of patients or the public</b>	None	
<b>Equality considerations:</b>	None	