



North East and
North Cumbria

Item: 8.1
Appendix 4

Finance, Performance, and Investment Committee Terms of Reference

Draft Version 4

**Better health
and wellbeing for all...**

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Version Control

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4	TBC 26 March 2024	Rebecca Herron Governance Lead	A review of the Terms of Reference has taken place, there have been untracked formatting and material changes made. There are tracked additions or deletions within the document.

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Integrated Care Board

FINANCE, PERFORMANCE, AND INVESTMENT COMMITTEE – TERMS OF REFERENCE

1. Constitution

The NHS North East and North Cumbria Integrated Care Board (NENC ICB) was established by statute on 1st July 2022.

The Board of the NENC ICB has resolved to establish the Finance, Performance, and Investment Committee as a committee of the Board.

2. Authority

The Committee is authorised by the Board to:

- Investigate any activity within its terms of reference
- Seek any information it requires within its remit, from any employee or member of the ICB (who are directed to co-operate with any request made by the Committee) as outlined in these terms of reference
- Commission any reports it deems necessary to help fulfil its obligations
- Obtain legal or other independent professional advice and secure the attendance of advisors with relevant expertise if it considers this is necessary to fulfil its functions. In doing so the Committee must follow any procedures put in place by the ICB for obtaining legal or professional advice
- Create task and finish sub-groups in order to take forward specific programmes of work as considered necessary by the Committee's members. The Committee shall determine the membership and terms of reference of any such task and finish sub-groups in accordance with the ICB's constitution, standing orders and Scheme of Reservation and Delegation (SoRD) but may not delegate any decisions to such groups

For the avoidance of doubt, the Committee will comply with the ICB Standing Orders, Standing Financial Instructions, and the SoRD other than the committee being permitted to meet in private.

The Committee may ~~not~~ establish any subcommittees without prior Board approval as stated in the Constitution and Scheme of Reservation and Delegation.

3. Purpose

The ~~Finance, Performance, and Investment~~ Committee will contribute to the overall delivery of the ICB objectives by providing oversight and assurance to the Board in the development and delivery of a robust, viable and sustainable system financial plan.

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The ~~Finance, Performance, and Investment~~ Committee has no executive powers, other than those delegated in the SoRD and specified in these terms of reference.

4. **Membership and attendance**

4.1 **Chair and vice chair**

The ~~Finance, Performance and Investment~~ Committee will be chaired by an Independent Non-Executive Member of the Board appointed on account of their specific knowledge skills and experience making them suitable to chair the Committee. The Chair cannot also be the Audit Committee Chair.

The Committee will agree the vice chair from amongst its members. However, the vice chair must be an independent non-executive member of the Board.

The Chair will be responsible for agreeing the agenda and ensuring matters discussed meet the objectives as set out in these terms of reference.

4.2 **Membership**

Members will possess between them knowledge, skills and experience in accounting, risk management, internal, external audit; and technical or specialist issues pertinent to the ICB's business. When determining the membership of the Committee, active consideration will be made to diversity and equality.

The Board will appoint no fewer than four members of the Committee including two who are Independent Non-Executive Members of the Board.

Membership of the Committee will comprise:

- ICB Non Executive Member (Chair)
- ICB Non Executive Member (Vice Chair)
- ICB ~~Chief Finance Officer~~ ~~Executive Director of Finance~~ (or nominated deputy)
- ~~One of the ICB Executive Area Directors~~ ICB Chief Delivery Officer (or nominated deputy)
- ICB Chief ~~of Strategy and Operations~~ Strategy Officer (or nominated deputy)
- ICB ~~Chief Medical Officer~~ ~~Executive Medical Director~~ (or nominated deputy)
- ICB Board NHS FT Partner Member x 2 (or nominated deputy)
- ICB Board Primary Care Partner Member (or nominated deputy)

Nominated deputies as shown above must be agreed with the Chair. Nominated deputies will have the same rights and responsibilities as members, and where applicable will form part of the quoracy.

4.3 **Attendees**

Only members of the Committee have the right to attend Committee meetings, however all meetings of the Committee may also be attended by the appropriately nominated individuals who are not members of the Committee.

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The Chair may ask any or all of those who normally attend, but who are not members, to withdraw to facilitate open and frank discussion of particular matters. Other individuals may be invited to attend all or part of any meeting as and when appropriate to assist it with its discussions on any particular matter. Attendees may include the ICB ~~place~~ Directors of Finance. Other Provider sector representatives may be invited to attend, as required.

At the invitation of the Chair, the ICB Audit Committee Chair may be invited to attend as a non-voting attendee on an adhoc basis. This will be kept under review to ensure attendance at the Committee does not compromise the role of the Audit Committee Chair in ensuring appropriate oversight and assurance of the work of the Committee.

4.4 Attendance

Where a member of the Committee is unable to attend a meeting, a ~~suitable~~ nominated deputy may be agreed with the Chair. Once agreed, that person will have the same voting rights and responsibilities as the member.

Where an attendee of the Committee (who is not a member of the Committee) is unable to attend a meeting, a ~~suitable~~ nominated alternative may be agreed with the Chair.

5. Meetings Quoracy and Decisions

The Committee will meet in private.

The ~~Finance, Performance, and Investment~~ Committee will meet at least 10 times a year and arrangements and notice for calling meetings are set out in the Standing Orders. Additional meetings may take place as required.

The Board, Chair or Chief Executive may ask the Finance, Performance, and Investment Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

In accordance with the Standing Orders, the Committee may meet virtually when necessary and members attending using electronic means will be counted towards the quorum.

5.1 Quorum

For meetings to be quorate a minimum of 50% members is required, including the Chair or Vice Chair and ICB ~~Executive Director of Finance~~ Chief Finance Officer or nominated representative.

If any member of the Committee has been disqualified from participating in an item on the agenda, by reason of a declaration of conflicts of interest, then that individual shall no longer count towards the quorum.

If the quorum has not been reached, then the meeting may proceed if those attending agree, but no decisions may be taken.

5.2 Decision making and voting

Decisions will be taken in accordance with the Standing Orders. The Committee will ordinarily reach conclusions by consensus. When this is not possible the Chair may call a vote.

Only members of the Committee may vote. Each member is allowed one vote and a majority will be conclusive on any matter.

Where there is a split vote, with no clear majority, the Chair of the Committee will hold the casting vote.

If a decision is needed which cannot wait for the next scheduled meeting, the chair may conduct business on a 'virtual' basis through the use of telephone, email or other electronic communication.

6. Responsibilities of the Committee

The Committee's duties can be categorised as follows:

6.1 Financial framework

- to recommend the system financial plan and associated system collaboration and financial management agreement to the Board for approval and monitor performance against it.
- to consider and support the development of system approaches to new payment models, to incentivise appropriate system behaviours and to support the achievement of agreed outcomes.
- to develop the financial information systems and processes to be used to make recommendations to the Board on ICB financial planning in line with the strategy and national guidance.
- to ensure health and social inequalities are taken into account in financial decision-making.

6.2 Resource allocation

- ~~to develop an approach (consistent with the Scheme of Reservation and Delegation and in accordance with financial delegations and financial limits) to oversee and recommend to the Board the ICB's annual financial plan and to distribute ICB resources to drive agreed change based on the ICB/ICS strategy.~~
- to review and ~~prioritise~~ ~~scrutinise~~ any relevant investment proposals as agreed by the ICB Investment Panel (in line with the ICB Investment Business Case policy).

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- to ~~identify and allocate~~ ensure resources are being allocated appropriately ~~resources where appropriate and are~~ (consistent with the Scheme of Reservation and Delegation and ~~in accordance with~~ in financial delegations and financial limits), ~~to~~ Address finance and performance related issues that may arise within the context of the approved ICB financial framework.
- to ~~consider and advise~~ oversee and provide assurance on system priorities for investment and disinvestment, as required by exception and utilising evidence based outcome data to support decisions.
- Ratification of pooled budget arrangements, ~~relating to commercial sponsorship and joint working with the pharmaceutical industry.~~

6.3 National framework

- to ~~advise oversee the ICB on any~~ changes to NHS and non-NHS funding regimes and consider how the funding available to the ICB can be best used within the system to achieve the best outcomes for the local population.
- to oversee ICB system financial submissions.
- to ensure the required preparatory work is scheduled across the system to meet national planning timelines.

6.4 Financial monitoring information

- to develop a reporting framework for the ICS as a system of bodies to articulate the financial position and financial impacts (both short and long-term) to support decision making.
- to agree common approaches across the system wherever possible such as financial reporting, estimates and judgements.
- to oversee the development of financial and activity modelling to support the ICB priority areas.
- to develop a medium and long-term ICB and ICS system financial plan which demonstrates ongoing value and recovery for approval by the Board.
- to maintain oversight of the underlying ICB and system run rate and advise on actions to improve.
- to develop an understanding of where costs sit across the system, system cost drivers and the impacts of service change on costs, utilising available national tools and data sources to support evidence based decisions.
- to ensure appropriate information is available to manage financial issues, risks and opportunities across the ICS.

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- to manage financial and associated ICB and system risks by developing and monitoring a finance and estates risk register, and to escalate to the Corporate Risk Register as appropriate.
- to oversee and receive assurance on the application of spending controls across the system, in accordance with standard financial controls advised by NHS England

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6.5 Financial performance

- to oversee the management of the ICB and system financial targets, to agree and monitor performance against remedial actions as appropriate.
- to agree key outcomes to assess delivery of the ICB and system financial strategy.
- to monitor and report to the Board both ICB and overall system financial performance against national and local metric, highlighting areas of concern and proposing actions to address risk at both organisational and system level.
- to monitor and report to the Board key service performance metrics which should be taken into account in assessing the financial position.
- reviewing ICB financial performance against the NHS System Oversight Framework.

6.6 Productivity and efficiencies

- ~~to drive a system wide productivity and efficiency strategy and~~ to ensure system efficiencies are identified and monitored across the ICS, in particular where opportunities for ICS partners working together across organisations can be leveraged.
- ~~to ensure review the ICB's processes to identify and monitor~~ efficiencies ~~are identified and monitored and are clearly~~ to ensure they are linked into opportunities at system level.
- ~~to ensure provide assurance that~~ financial resources are being used in an efficient way to deliver the organisational and system objectives.
- to review exception reports on any material breaches of the delivery of agreed system efficiency improvement plans including the adequacy of proposed remedial action plans.

6.7 Communication

- ~~to co-ordinate and manage ICB communications on financial issues with stakeholders internally and externally.~~

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- to ~~develop-oversee the an~~ approach with partners, including the Integrated Care Partnership, to ensure the relationship between cost, performance, quality and environment sustainability are understood.

6.8 Capital

- to seek assurance on the development of a system capital programme and approach to prioritising capital funding bids.
- to monitor capital spend against the funding allocation and seek assurance on delivery of the system capital programme to ensure the system lives within the agreed capital envelope, agreeing appropriate action where necessary.

6.9 Risk Management

- Escalate any issues or risks for inclusion on the corporate risk register as necessary.

6.10 NHS Constitution waiting times standards and related NHS England Operational Planning Guidance performance requirements

- to gain assurance that the ICB has effective plans in place to deliver all of the performance requirements set out in the NHS England extant operational planning guidance.
- to gain assurance that the ICB has robust and effective operational planning systems in place (including demand and capacity) for delivering contract levels of activity.
- to gain assurance that the ICB has, robust and effective performance management systems in place relating to delivery of the access targets.
- to gain assurance that controls are in place, and operating effectively, to mitigate the risks to the successful delivery of access targets.
- to ensure that the Board is informed of significant issues, underperformance, deviation from plans and to provide assurance on action being taken.
- to gain assurance that agreed recovery plans are being implemented in a timely fashion and delivering the required outcomes.

7. Behaviours and Conduct

7.1 ICB values

Members will be expected to conduct business in line with the ICB values and objectives. Members, and those attending the Committee shall behave in accordance with the ICB's Constitution, Standing Orders, and Standards of Business Conduct Policy.

7.2 Conflicts of interest

In discharging duties transparently, conflicts of interest must be considered, recorded and managed. Members should have regard to the NHS guidance on managing conflicts of interest.

Conflicts of interest must be declared and recorded at the start of each meeting. A register of interests must be maintained by the Chair and submitted to the Board. If a conflict of interest arises, the Chair may require the affected member to withdraw at the relevant point.

7.3 Equality and diversity

Members must demonstrably consider the equality and diversity implications of decisions they make.

8. Accountability and Reporting

The Committee is accountable to the Board and shall report to the Board on how it discharges its responsibilities.

~~The chair & vice chair are non-executives.~~

The Committee is directly accountable to the ICB. The minutes of meetings shall be formally recorded and submitted to the ICB Board, in private or public as appropriate.

The Committee will provide the Board with an Annual Report. The report will summarise its conclusions from the work it has done during the year.

9. Secretariat and Administration

The Committee shall be supported with a secretariat function which will ensure that:

- i) The agenda and papers are prepared and distributed in accordance with the Standing Orders having been agreed by the Chair with the support of the relevant executive lead
- ii) Attendance of those invited to each meeting is monitored and highlighting to the Chair those that do not meet the minimum requirements
- iii) Records of members' appointments and renewal dates and the Board is prompted to renew membership and identify new members where necessary
- iv) Good quality minutes are taken in accordance with the standing orders and agreed with the chair and that a record of matters arising, action points and issues to be carried forward are kept
- v) The Chair is supported to prepare and deliver reports to the Board

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- vi) The Committee is updated on pertinent issues/ areas of interest/ policy developments
- vii) Action points are taken forward between meetings and progress against those actions is monitored.

10. Review

The Committee will review its effectiveness at least annually.

These terms of reference will be reviewed at least annually and more frequently if required. Any proposed amendments to the terms of reference will be submitted to the Board for approval.