

Northern, Eastern & Western Devon Clinical Commissioning Group
Finance Committee
Terms of Reference v2.1

1. Purpose											
1.1	The Finance Committee is the overarching finance assurance committee, providing assurance to the NHS Northern, Eastern and Western Devon Clinical Commissioning Group (NEW Devon CCG) Governing Body, ensuring that there are robust and functioning systems in place, within the CCG, in order to commission safe, economical and effective treatment and care for patients, and that the experiences of patients are cost effective and positive.										
1.2	The Finance Committee will oversee CCG performance against statutory duties and legislation for financial governance and escalate, through the Chair, any issues of concern considered to impact on the commissioning of commissioned services.										
1.3	NEW Devon CCG Finance Committee will operate in adherence with the NHS Constitution and the NEW Devon CCG Constitution .										
1.4	It shall support the strategic objectives of NEW Devon CCG and its Governing Body, and the provision of assurance to the Governing Body and Audit Committee.										
1.5	The Governing Body hereby resolves to establish a Committee of the Governing Body to be known as the Finance Committee (the Committee).										
1.6	The purpose of the Committee is to contribute to the overall process of financial planning, control and review. This is to be achieved through judgement, scrutiny, and independent and objective review.										
1.7	To objectively assess and assure the Governing Body that the internal business support services are operating effectively, are responsive to the business need and offer value for money.										
2. Chair and Vice Chair											
2.1	The Committee will be chaired by a Lay Member elected by the Governing Body. This appointment shall be held for a term of three years which may be renewed at the end of the term.										
3. Membership											
3.1	The membership of the Finance Committee will comprise of: <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="width: 25%;">Core Membership</th> <th></th> </tr> </thead> <tbody> <tr> <td></td> <td>Lay Member – Finance (Chair)</td> </tr> <tr> <td></td> <td>Lay member representative (vice chair)</td> </tr> <tr> <td></td> <td>Chief Finance Officer</td> </tr> <tr> <td></td> <td>Chief Operating Officer</td> </tr> </tbody> </table>	Core Membership			Lay Member – Finance (Chair)		Lay member representative (vice chair)		Chief Finance Officer		Chief Operating Officer
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3.2	<p>Deputy Chief Operating Officer Locality Clinical Chair representative</p> <p>Regular attendees</p> <p>Any executive or senior officer at the request of the Chair of the committee Locality Chief Finance Officers for Northern, Eastern and Western Devon</p>
3.3	<p>Note: When a committee member is unable to attend, a nominated deputy with sufficient authority should be asked to attend where necessary. This could be a vice-chair or senior officer of the CCG.</p>
3.4	<p>The Chief Finance Officer and/or one of their representatives shall attend each meeting.</p>
3.5	<p>The Committee is empowered to request any other officer employed by the CCG to attend meetings for the purpose of providing advice, clarification, recommendation and/or explanation in respect of any matter that falls within the responsibilities of the Committee. In this instance attendance shall be by invitation for part of the agenda where relevant to their area of accountability.</p>
3.6	<p>As necessary, the Committee may also require the production of any document if it relates to the business of the Committee.</p>
<p>4. Quorum</p>	
4.1	<p>The meeting will be quorate if attended by one Lay Member, the Chief Finance Officer (or nominated deputy), and either the Chief Operating Officer or the Locality Clinical Chair. In the absence of the Chair of the Committee, the Lay Member present will chair the meeting.</p>
4.2	<p>When a core member is unable to attend, they can offer any comment in writing via a nominated deputy with sufficient authority who must attend in their place. Deputies will have the decision making and voting rights of the person he/she is representing.</p>
4.3	<p>Where agreed with the Chair, members of the Finance Committee may participate in meetings by telephone, by the use of video conferencing facilities and/or webcam where such facilities are available. Participation in a meeting using these methods shall be deemed to constitute presence in person at the meeting.</p>
<p>5. Frequency of Meetings</p>	
5.1	<p>The Committee shall meet no less than 6 times per year to carry out its responsibilities on set dates as described in the corporate calendar. The Chair of the Committee may call for additional meetings should the need arise.</p>
<p>6. Required Frequency of Attendance by Members</p>	
6.1	<p>Members are required to attend a minimum of 75% of the meetings other than absence due to sickness. Nominated Deputies must attend on behalf of absent members.</p> <p>The Chair may invite additional attendees at their discretion</p>
<p>7. Accountability and Reporting Assurance</p>	
7.1	<p>The report of the Finance Committee shall be formally recorded and submitted to the Governing Body.</p> <p>Assurances shall be received from the following:</p>

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	<ul style="list-style-type: none"> - Sustainability Transformation Partnership - QIPP / CIP - Executive members of the Committee - Contracting - Business Intelligence <p>In addition to fulfil the role of the collaborative business services board the finance committee will receive periodic assurances, which have been added to the committee forward planner, from:</p> <ul style="list-style-type: none"> - Communications - Clinical effectiveness and medicines optimisation - Devon Referral Support Services - Governance - Information Management and Technology - Workforce and organisational development.
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8. Register of Interests

8.1	The CCG's Standing Financial Instructions, Standing Orders and declarations of interest apply with regard to Lay Members or any officer's interest in contractual or other matters arising from, or associated with, recommendations made by or to the Committee.
8.2	Members of the committee will complete a declaration of interest at each meeting attended in accordance with the CCGs Standards of Business Conduct Policy https://www.newdevonccg.nhs.uk/governing-body-members/register-of-interests-100211 . If a member feels compromised by any agenda item they should declare a conflict of interest and leave for that agenda item.

9. Assurance Received from:

9.1	Assurance will be received in line with the principal responsibilities set out in section 13 of these Terms of Reference, and in accordance with the statutory functions listed below in section 10.
9.2	Assurance will also be received regarding the effectiveness of each committee, in full at least annually, and this report will subsequently be presented to the CCGs Audit and Assurance Committee.

10. Statutory Functions and Committee Oversight

10.1	<ul style="list-style-type: none"> • Treasury Management <p>Scrutinising and recommending to the Governing Body the CCG's five year financial plan.</p> <p>Scrutinising and recommending to the Governing Body all long term (in excess of one year) borrowing proposals.</p> <p>Scrutinising the delegated arrangements for day to day treasury management.</p> <p>Scrutinising regular reports from the Chief Finance Officer on transactions undertaken on behalf of the CCG.</p>
10.2	<ul style="list-style-type: none"> • Capital Expenditure <p>Scrutinising and recommending to the Governing Body the CCG's proposed five year capital programme.</p>

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10.3	<p>Scrutinising and recommending to the Governing Body the approval of all business cases for expenditure in excess of £2m.</p> <p>Scrutinising and approval of all business cases for expenditure between £0.5m and £2m.</p> <p>Monitoring performance against the approved capital plan.</p> <ul style="list-style-type: none"> • Financial Planning <p>Review the CCG's proposed annual financial plans and detailed budget and recommend these for formal approval by the Governing Body.</p> <p>Regularly review progress and performance against the CCG's financial plan and approved budgets.</p> <p>Where financial plans are off target, monitor progress against these plans ensuring that formal corrective plans are considered at the Committee and presented formally to the Governing Body for approval.</p> <p>Contract sign off over de-minimus level (relates to procurement, tendering and contracting) to ensure no deviation from plan (nb. the majority of this will be covered via the annual planning and approvals process).</p> <p>Detailed financial review and formal recommendation to Governing Body in relation to section 75 agreements.</p> <p>Review how the supporting strategies link to the financial and operational plans.</p> <p>Scrutinising and recommending to the Governing Body the approval of all business cases for expenditure in excess of £2m</p> <p>Scrutinising and approval of all business cases for expenditure between £0.5m and £2m</p> <p>Scrutinise post implementation reviews of business cases for schemes with expenditure above £1m</p> <p>Sign off of financial envelopes</p>
10.4	<ul style="list-style-type: none"> • Procurement <p>Approve the procurement strategy for onward approval by the Governing Body.</p> <p>Approve the annual procurement plan.</p> <p>Development and review procurement policies and procedures for approval by Governing Body.</p> <p>Approve decisions to procure through open tender or other approved processes for services with a value in excess of £2m.</p>

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10.5	<ul style="list-style-type: none"> • Quality Innovation Productivity and Prevention <p>As part of the financial planning process, receive, review and recommend to the Governing Body the proposed list and arrangements of actions to meet the CCG's cost savings targets.</p> <p>Regularly review progress and performance of each of the approved schemes and where necessary seek reports and presentation by lead directors/project managers on progress against planned savings.</p>
10.6	<ul style="list-style-type: none"> • Financial Risks <p>Active identification and review of mitigations for financial risk within the assurance framework.</p>
10.7	<ul style="list-style-type: none"> • Process for Monitoring Compliance with Terms of Reference <p>Maintain an attendance log and follow up as appropriate after each meeting to ensure the Committee adheres to the required frequency of attendance by members.</p> <p>Maintain a log of reporting arrangements into each formal meeting of the Committee from sub-committees and follow up with chairs of sub-committees as appropriate.</p> <p>Maintain a log of summary written reports provided to Governing Body from formal meetings.</p> <p>Where monitoring of the above identifies deficiencies recommendations and action plans will be developed and changes implemented accordingly. Evidence of this will be minuted. The Chair will escalate any urgent or critical issues which may put sustainability of commissioning of services or the reputation of the CCG.</p>
10.8	<ul style="list-style-type: none"> • Secretary <p>The Chief Finance Officer will ensure that adequate secretarial support is provided to the Committee. This person shall be responsible for keeping minutes of the meetings and providing advice, as required, to the Committee.</p> <p>The membership of the Committee will be shown in the CCG's Annual Report.</p> <p>An Annual Report and an Effectiveness Review on the activities of the Committee will be completed in the Spring of each year.</p>
10.9	<ul style="list-style-type: none"> • Policies <p>To review the financial impact of the CCG's accounting policies</p> <p>To review and provide recommendation for adopting other financial policies (e.g. Investment and Treasury Policies)</p> <p>To approve financial policies in line with the Scheme of Reservation and Delegation as set out within the CCG's constitution</p> <p>To review the operational Scheme of Reservation and Delegation, and to recommend for approval to the Governing Body.</p>

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10.10	<ul style="list-style-type: none"> • Programme of Financial Scrutiny <p>Financial evaluation of specific areas of the CCG as directed by the CCG Governing Body.</p>
10.11	<ul style="list-style-type: none"> • Internal support services <p>To provide assurance to the Governing Body that the internal support services are operating effectively, responding to business need and are value for money.</p> <p>To assure the Governing Body that resources are deployed flexibly and appropriately, proportionate to the level of risk.</p>

11. KPI's (Internal Monitoring)

11.1	<p>On behalf of the Governing Body, regular review of the CCG's performance against KPIs will be reviewed, these include, but are not limited to: –</p> <ul style="list-style-type: none"> • finance ratios, • payments performance, • debtor control, • NHS England assurance framework requirements, • regulatory Compliance and payroll performance • and where necessary seek explanation and corrective action to meet agreed level of performance.
11.2	<p>KPIs will form part of the annual effectiveness review which will be undertaken by governance.</p>

12. Risk Reporting

12.1	<ul style="list-style-type: none"> • Internal (quality and safety performance and compliance with Statutory requirements) • External (provider performance)
12.2	<p>The Finance Committee will review the Finance cut of the assurance framework each month. The agenda will be proportionate to the level of the risk highlighted within the assurance framework, and deep dives will occur on a planned basis into the highest scoring quality risks.</p>
12.3	<p>Where timeliness is of the essence in managing a significant risk or issue, the Chair and /or Chief Officer will be informed of an issue by the quickest possible means (e.g. verbally).</p>

13. Principal Responsibilities

13.1	<p>Principal responsibilities of the Finance Committee include, but are not limited to:</p> <ul style="list-style-type: none"> • Prepare the CCG's operational scheme of delegation, which sets out those key operational decisions delegated to the Chief Finance Officer of the CCG. • Prepare detailed financial policies that underpin the CCG's prime financial policies • Approve detailed financial policies • Approve arrangements for managing exceptional funding requests • Provide assurance on the financial performance and delivery of any remedial action plans • Review and approval of financial (operational) schemes of delegation authority limits
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	<ul style="list-style-type: none"> • Financial business cases scrutinised prior to approval • Approval of the CCG's contracts for any commissioning support (in the event this is not provided in-house) – subject to financial limits as set out within the operational scheme of delegation • Approval of the CCG's contracts for corporate support (in the event this is not provided in-house) – subject to financial limits as set out within the operational scheme of delegation • Receive and review proposals and business cases in line with limits as identified in the operational scheme of delegation • Oversight of system savings reports for assurance and comment
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14. Process for Monitoring Compliance with Terms of Reference

14.1	Five days prior to each meeting, the Administrator for the Finance Committee will ensure that the meeting is quorate. If the meeting is not quorate the Chair must be contacted.
14.2	<p>The Chair will escalate any urgent or critical issues, which may put at risk the people who use our service or the reputation of NHS NEW Devon CCG, to the CCG Strategic Leadership Committee with immediate effect. Recommendations or action plans will be reported to the appropriate forum; in the case of urgent, critical issues recommendations and action plans will be reported to the CCG Strategic Leadership Committee.</p> <p>The Finance Committee will review the Terms of Reference and confirm to the Head of Governance that the Terms of Reference remain the same or that a change needs to be considered by the Governing Body.</p>
14.3	An effectiveness review will be undertaken by the Head of Governance no less than annually

15. Review

15.1	<p>Following an effectiveness review which will be performed in the Spring 2018..</p> <p>Previous approvals: 16 July 2015 Governing Body (v1.0); 04 April 2016 (v2.0 amendment)</p>
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