



TERMS OF REFERENCE

FINANCE AND PERFORMANCE COMMITTEE

Version	Issued to:	Date	Comments
V1	Board	30/01/2025	Approved
V2	Finance and Performance Committee	29/04/2025	Approved
V2	Board	31/07/2025	Approved
V3	Finance and Performance Committee	28/08/2025	Approved
V3	Board	25/09/2025	Approved
V4	Finance and Performance Committee	16/12/2025	Approved
V4	Board	29/01/2026	Approved

FINANCE AND PERFORMANCE COMMITTEE

1. Constitution

- 1.1 The Finance and Performance Committee (the Committee) was established as a Committee of the Hywel Dda University Local Health Board (the Health Board) and constituted from 1 April 2025.

2. Principal Duties

- 2.1 The purpose of the Finance and Performance Committee is to provide *advice* and *assurance* to the Board on the following:
- 2.1.1 The financial performance and delivery against Health Board financial plans and objectives and
- give early warning of potential performance issues,
 - make recommendations for action to continuously improve the financial position of the organisation,
 - focus on the financial impact of in-year and medium-long term plans, the impact of financial issues on service delivery, quality and patient experience, and any specific issues where financial performance is showing deterioration or there are areas of concern.
- 2.1.2 The overall performance and delivery against Health Board plans and objectives, including delivery of key targets, giving early warning on potential performance issues and making recommendations for action to continuously improve the performance of the organisation and, as required focus on specific issues where performance is showing deterioration or there are issues of concern.

3. Operational Responsibilities

- 3.1 The Committee will, in respect of its provision of advice and assurance to the Board:
- 3.1.1 Receive assurances on the financial governance and control environment in operation across the Health Board. This will be achieved a programme of deep dive reviews into the following themes, which mirror the national Value and Sustainability Board:
- 3.1.1.1 Workforce
 - 3.1.1.2 Non-pay and procurement
 - 3.1.1.3 Medicines value and sustainability
 - 3.1.1.4 Commissioned care
 - 3.1.1.5 Clinical variation and service configuration
- 3.1.2 Receive an understanding of the existing deficit and key drivers. This will be achieved through scrutiny of an annually refreshed report on the drivers of the deficit.

- 3.1.3 Receive assurance on the development and realisation of opportunities. This will be achieved through scrutiny of the bi-monthly savings and opportunities report to the Committee.
- 3.1.4 Receive assurance on the development of a clear financial strategic plan. This will be achieved through scrutiny of a medium term financial recovery plan which demonstrates clear alignment into the in-year financial plan.
- 3.1.5 Receive assurance on the delivery of the financial plan. This will be achieved through scrutiny of the monthly finance report. This report shall ensure clarity in:
 - 3.1.5.1 The reporting of monthly, year to date and forecast financial position alongside operational drivers;
 - 3.1.5.2 Performance against the savings requirement;
 - 3.1.5.3 Performance against other financial metrics, such as cash management, capital management and Public Sector Payment Policy.
- 3.1.6 Seek assurance that financial systems are robustly embedded.
- 3.1.7 Maintain oversight of, and obtain assurances on, key financial risks. This includes risks against the delivery of Health Board financial targets, the robustness of key income sources and contractual safeguards.
- 3.1.8 Receive assurance on the delivery against the areas of targeted intervention, and the required elements for de-escalation, that are aligned to the Committee.
- 3.1.9 Conduct detailed scrutiny of all aspects of financial performance, the financial implications of significant revenue expenditure (all those over £1million requiring Board approval), business cases (except those that are capital and digital in nature), projects, and proposed investment decisions on behalf of the Board.
- 3.1.10 Scrutinise major procurements plans and tenders, and provide assurance to the Board as part of its approval process.
- 3.1.11 Commission regular reviews of key contracts, suppliers and partners to ensure they continue to deliver value for money.
- 3.1.12 Seek assurance on the reporting and monitoring of contracts with providers such as Swansea Bay and Cardiff and Vale, focusing on financial performance, over and under performance, and providing regular financial updates.
- 3.1.13 Review any investment/ disinvestment strategy, including Procurement and Contracting Strategy, maintaining oversight of the investments and disinvestments, ensuring compliance with policies by:
 - 3.1.13.1 Establishing the overall methodology, processes and controls which govern investments and disinvestments, including the prioritisation of decisions;
 - 3.1.13.2 Ensuring that robust processes are followed; and
 - 3.1.13.3 Evaluating, scrutinising and monitoring subsequent investments/ disinvestments.

- 3.1.14 Subject to the Board's direction and approval, develop and regularly review the performance management framework and reporting approach, ensuring that it includes meaningful, appropriate, integrated and timely performance data and clear commentary relating to the totality of the services for which the Board is responsible.
- 3.1.15 Seek assurance on the development and implementation of a comprehensive approach to performance delivery and quality management, to incorporate all performance requirements set by the Board, WG, regulators and inspectors, that enables all staff with managerial responsibility to strive for excellence whilst effectively delivering the basics.
- 3.1.16 Scrutinise the performance reports (including those related to external providers) prepared for submission to the Board, ensure exception reports are provided where performance is off track, and undertake deep dives into areas of performance as directed by the Board to seek assurance that appropriate action is being taken when performance against set targets deteriorates, and to support and promote continuous improvement in service delivery.
- 3.1.17 Seek assurance on delivery against all Planning Goals aligned to the Committee in accordance with the Board approved timescales, as set out in the Health Board's Annual Plan, considering and scrutinising the plans, including the medium term financial plans, and savings plans, that are developed and implemented, supporting and endorsing these as appropriate.
- 3.1.18 Seek assurances on the requirements arising from the Health Board's regulators, Welsh Government and professional bodies.
- 3.1.19 Seek assurance that the management of risks within the Corporate Risk Register (CRR) and Directorate Risk Registers (including for hosted services and through partnerships and Joint Committees as appropriate) aligned to the Committee and its sub-committees, and report any areas of significant concern e.g. where risk tolerance is exceeded, lack of timely action. Where risks cannot be brought within the Health Board's risk appetite/tolerance, recommend acceptance of risks to the Board.
- 3.1.20 Receive assurance through Sub-Committee Update Reports and other management/task & finish group reports that risks relating to their areas are being effectively managed across the whole of the Health Board's activities (including for hosted services and through partnerships and Joint Committees as appropriate).
- 3.1.21 Review and approve financial procedures on behalf of the Health Board.
- 3.1.22 Approve relevant corporate policies and plans within the scope of the Committee.

3.1.23 Review and approve the annual work plans for any Sub-Committee which has delegated responsibility from the Finance and Performance Committee and oversee delivery.

4. Membership

4.1 The membership of the Committee shall comprise:

Member
Independent Member (Chair)
Independent Member (Vice-Chair)
3 x Independent Members

4.2 The following should attend Committee meetings:

In Attendance
Executive Director of Finance
A Deputy Director of Finance
A Clinical Executive Director
Chief Operating Officer
Executive Director of Workforce and Organisational Development
Other Lead Executives to be invited to attend for relevant Planning Goals aligned to the Committee or relevant agenda items.

4.3 The membership of the Committee will be reviewed on an annual basis.

5. Quorum and Attendance

5.1 A quorum shall consist of no less than three of the membership and must include as a minimum the Chair or Vice Chair of the Committee, and two other Independent Member(s), together with the Director of Finance, or deputy, and a Clinical Executive Director and a Chief Operating Officer or deputy.

5.2 The membership of the Committee shall be determined by the Board, based on the recommendation of the Health Board – taking into account the balance of skills and expertise necessary to deliver the Committee's remit and subject to any specific requirements or directions made by the Welsh Government.

5.3 Any senior officer of the Health Board or from a partner organisation may, where appropriate, be invited to attend, for either all or part of a meeting to assist with discussions on a particular matter.

5.4 The Committee may also co-opt additional independent external 'experts' from outside the organisation to provide specialist skills.

5.5 Should any officer Member be unavailable to attend, they may nominate a deputy, with full voting rights, to attend in their place subject to the agreement of the Chair.

- 5.6 The Chairman of the Health Board reserves the right to attend any of the Committee's meetings as an ex officio member.
- 5.7 The Head of Internal Audit shall have unrestricted and confidential access to the Chair of the Committee.
- 5.8 The Chair of the Committee shall have reasonable access to Executive Directors and other relevant senior staff.
- 5.9 The Committee 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.

6. Agenda and Papers

- 6.1 The Committee Secretary is to hold an agenda setting meeting with the Chair and the Lead Director (Executive Director of Finance) at least **six** weeks before the meeting date.
- 6.2 The agenda will be based around the Committee work plan, identified risks matters arising from previous meetings, issues emerging throughout the year and requests from Committee Members. Following approval, the agenda and timetable for request of papers will be circulated to Committee Members.
- 6.3 All papers must be approved by the relevant Lead Director.
- 6.4 The agenda and papers for meetings will be distributed **seven** days in advance of the meeting.
- 6.5 A draft Table of Actions will be issued within **two** days of the meeting. The minutes and Table of Actions action log will be circulated to the Lead Director within **seven** days to check the accuracy, prior to sending to Members (including the Committee Chair) to review within the next **seven** days.
- 6.6 Members must forward amendments to the Committee Secretary within the next seven calendar days. The Committee Secretary will then forward the final version to the Committee Chair for approval.

7. In Committee

- 7.1 The Committee can operate with an In Committee function to receive updates on the management of sensitive and/or confidential information.

8. Frequency of Meetings

- 8.1 The Committee will meet bi-monthly and shall agree an annual schedule of meetings. Additional meetings will be arranged as determined by the Chair of the Committee in discussion with the Lead Executive.

- 8.2 The Chair of the Committee, in discussion with the Committee Secretary, shall determine the time and the place of meetings of the Committee and procedures of such meetings.

9. Accountability, Responsibility and Authority

- 9.1 Although the Board has delegated authority to the Committee for the exercise of certain functions as set out within these terms of reference, it retains overall responsibility for ensuring the quality and safety of healthcare for its citizens through the effective governance of the organisation.
- 9.2 The Committee is directly accountable to the Board for its performance in exercising the functions set out in these terms of reference.
- 9.3 The Committee shall embed the Health Board's vision, corporate standards, priorities and requirements, e.g. equality and human rights, through the conduct of its business.
- 9.4 The requirements for the conduct of business as set out in the Health Board's Standing Orders are equally applicable to the operation of the Committee.

10. Reporting

- 10.1 The Committee, through its Chair and Members, shall work closely with the Board's other Committees, including joint and Sub-Committees and groups to provide advice and assurance to the Board through the:
- 10.1.1 Joint planning and co-ordination of Board and Committee business.
 - 10.1.2 Sharing of information
- 10.2 In doing so, the Committee shall contribute to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.
- 10.3 The Committee, may, subject to the approval of the Board, establish Sub-Committees or task and finish groups to carry out on its behalf specific aspects of Committee business. The Committee will receive an update following each meeting providing an assurance on business undertaken on its behalf.
- 10.4 The Committee Chair, supported by the Committee Secretary, shall:
- 10.4.1 Report formally, regularly and on a timely basis to the Board on the Committee's activities. This includes the submission of a Committee update report, as well as the presentation of an Annual Report within **six** weeks of the financial year.
 - 10.4.2 Bring to the Board's specific attention any significant matter under consideration by the Committee.
 - 10.4.3 Ensure appropriate escalation arrangements are in place to alert the Health Board Chair, Chief Executive or Chairs of other relevant Committees of any urgent/critical matters that may compromise patient care and affect the operation and/or reputation of the Health Board.

- 10.5 The Director of Corporate Governance/Board Secretary, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation including that of any Sub-Committees established. In doing so, account will be taken of the requirements set out in the NHS Effective Board Committees Guide.

11. Secretarial Support

- 11.1 The Committee Secretary shall be determined by the Director of Corporate Governance/Board Secretary.

12. Review Date

- 12.1 These terms of reference and operating arrangements shall be reviewed on at least an annual basis by the Committee for approval by the Board.