

**PWYLLGOR CEISIADAU GOFAL SYLFAENOL
FINANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 th June 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Committee Self-Assessment of Performance 2019/20
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Michael Hearty, Associate Member Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Huw Thomas, Executive Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas) Purpose of the Report (select as appropriate)
Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT
<u>Sefyllfa / Situation</u>
<p>The purpose of this report is to present to the Finance Committee (FC) the outcomes from the annual self-assessment exercise 2019/20, and to consider the suggested actions and any further improvements that could be made.</p>
<u>Cefndir / Background</u>
<p>Members and In Attendance Members of the Finance Committee have been asked to complete a questionnaire to consider the Committee's effectiveness, and also to consider their individual understanding, role and contribution to the Committee.</p> <p>However, given unprecedented demands upon HDdUHB Directors' and Managers' work schedules as a result of the COVID-19 pandemic, it was agreed by the Finance Committee Chair and Lead Executive Director that the Committee's 2019-20 Self-Assessment Report would be based upon responses from Independent Members only.</p> <p>Being presented with the proposed Self-Assessment of Committee Effectiveness Questionnaire template at the FC meeting held 13th March 2020, with a request to consider any additions and amendments required to ensure that the questionnaire remains fit for self-assessment purposes, Members supported the use of the template for the 2019/20 self-assessment exercise.</p> <p>The questionnaire has been designed to invite comments on any improvements for consideration to assist the Committee in drawing up its own plan for improvement, either in terms of requesting future training and/ or development, or in changes to its own processes and procedures.</p>

The self-assessment questionnaire was circulated on 25th March 2020 and reminders were sent prior to the closing date to encourage its completion.

All 5 responses invited from FC Members have been completed and returned.

Asesiad / Assessment

The full analysis of Members' responses to the self-assessment exercise are attached at Appendix 1.

Whilst there was general agreement with many of the statements included in the questionnaire, reflected by either 'Agree' or 'Strongly Agree' responses, those areas where Members responses were recorded as 'Somewhat Agree', 'Somewhat Disagree' or 'Unable to Assess/ Don't Know' have been highlighted below. Suggested improvements to Committee structure, processes and scrutiny in response to the areas of concern reflected by Members' responses have been made within the body of the report, recognising that these may warrant further consideration by FC Members.

Role/ Purpose of the Committee

- **The Committee has clear mechanisms in place to keep it aware of topical, legal and regulatory issues, in relation to financial performance and delivery.**
Responses to this question were recorded as follows: 1 'Strongly Agree', 3 'Agree', and 1 'Somewhat Agree'. There were no further comments supporting the 'Somewhat Agree' response. This suggests a potential need to raise awareness amongst FC Members of topical, legal and regulatory issues which could potentially be addressed through the inclusion of further narrative within the Situation field of the SBARs accompanying FC's reports and through additional briefings/ reports shared with FC members outside Committee meetings and made available within the FC Resource section on iBabs. Members may also find it helpful to be provided with a link to the Meeting Update Reports to Board from other Committee meetings in order to gain a wider overview of issues which influence and overlap with financial considerations relevant to the successful operation of the Health Board.
- **The frequency and scheduling of the Committee meetings are sufficient to carry out its functions and responsibilities.**
While all responses to this statement were recorded as 'Strongly Agree' or 'Agree', a qualifying comment was recorded as follows: *'I understand why Finance Committee meetings were initially set up monthly, but as the challenge to reduce the deficit is a long-term one and little changes dramatically from one month to another I do wonder whether the frequency should now be stepped down to every other month in line with other committees of the Board'*.
Given potential future coinciding pressures resulting from a combination of Welsh Government (WG) expectations regarding HDdUHB's financial position, the as-yet unquantified monetary implications of the COVID-19 response, and the development of transformative plans to shape the organisation's financial management over the longer-term, it would seem advisable to maintain the monthly scheduling of Committee meetings, over the medium term at least, in order to provide regular oversight and scrutiny of the HB's necessarily agile responses to current financial challenges, and the transformative development of financial management.

Scope of Work

- **The quality of presentations made to the Committee is appropriate.**
While most responses were equally divided between 'Strongly Agree' (2) and 'Agree' (2), there was 1 'Somewhat Agree' response. While there was no commentary supporting this response, it may suggest a need to identify improved methods of data presentation, and to avoid unnecessary time and work on the part of Finance Team members and other HB staff in producing presentations which are replicated within accompanying reports. It also underlines the need to ensure that the presentations made to the Committee are subject to the same quality assurance exercise as reports to the Committee.
- **The Committee understands the issues which are on the horizon for the Health Board which may impact on its areas of work.**
While 3 responses reflected an 'Agree' position, with 1 'Strongly Agree', there was 1 'Somewhat Agree' response. This response reflects the fact that reports presented and discussed in Committee meetings relate mainly to rolling monthly financial position updates. The introduction of a monthly End-of-Year Financial Forecast, together with supporting rationale, as a standing agenda item will provide some scope to project the potential implications of financial and wider issues arising, while an option to introduce a monthly horizon-scanning paper for Members' information might merit consideration.
- **The Committee has effective escalation arrangements in place to alert relevant individuals and committees of any urgent/ critical matters that may compromise patient care and affect the operation and/ or reputation of the Health Board.**
There was fairly broad divergence in responses to this statement - 'Strongly Agree' (2), 'Agree' (1), 'Somewhat Agree' (1) and 'Unable to Assess/ Don't know' (1). A lack of consensus in responses indicates a degree of uncertainty regarding the overall governance structure applying to the Board and its committees, and to the interdependencies in terms of reporting and referrals existing between the Board-level committees. Again, Members may find it helpful to be provided with a link to the Meeting Update Reports to Board from other Committee meetings in order to gain a wider overview of issues which influence and overlap with financial considerations relevant to the successful operation of the Health Board.

Assurance

- **The Committee is effective in conducting detailed scrutiny of all aspects of financial performance, the financial implications of major business cases, projects and proposed investment decisions on behalf of the Board**
While 4 responses were recorded as 'Agree', there was 1 'Somewhat Disagree' response, supported by the following observation: '*The ToR of the Committee are quite limited in respect of business case approval which is covered by another Committee. This is a weakness.*' The Committee's operational responsibility in terms of its detailed scrutiny of the financial implications of major business cases, projects, and proposed investment decisions on behalf of the Board, is to review financial proposals for major business cases (and investment decisions) and their respective funding sources. This is to avoid duplication of responsibility with the Board which holds overall responsibility for business case approval.

- **The Committee is effective in regularly reviewing contracts with key delivery partners.**

Responses to this statement were split between 2 'Agree' responses, 1 'Somewhat Agree' response, 1 'Somewhat Disagree' response and 1 'Unable to Assess/ Don't Know' response. This was supported by the statement *'Contract management is an area of weakness in the HB where the FC has begun to achieve greater oversight but currently does not have an approval role'*. This split response reflects discussions at the Committee meeting held 27th January 2020, where it was noted that current reporting does not include analysis of the relative efficiencies and value for money represented by the current contracts which the HB holds with other Welsh Health Boards, and where it was suggested that the remit of the Committee be extended to provide it with an enhanced role in the scrutiny and evaluation of the performance of contracts and Long Term Arrangements to which the Health Board is partner. With respect to the reference to an approval role in the supporting comment, it should be noted that the remit of the Committee is based upon an assurance, rather than an approval function.

- **The Committee is effective in reviewing and approving financial procedures on behalf of the Health Board.**

While most responses to this statement were equally divided between 1 'Strongly Agree' (2) and 'Agree' (2), there was 1 'Unable to Assess/ Don't Know' response, which was, however, unsupported by any further comment. This response possibly reflects the fact that, as approval of financial procedures is reported to the Committee on an as-and-when basis, newer Members will not yet have had opportunity to receive financial procedures for approval at meetings they have attended to date.

Membership

- **Committee members received induction, advice, support and on-going development opportunities to support them in their role.**

Responses to this statement were split between 3 'Agree' responses, 1 'Somewhat Disagree' and 1 'Unable to Assess/ Don't Know' response, which was supported by the comment: *'Not really had any induction into Finance committee. Only had an hour with the Director of Finance as a general introduction to the finances of the Board.'* This suggests that not all Members receive the same level of induction on joining the Committee or that opportunities for development are not addressed. Briefings to support the Committee's work are placed on the resource section within iBabs, and made available to FC Members. A Finance Committee Handbook to guide and support FC Members has also been under development, albeit delayed due to COVID-19 pressures. It is anticipated that outcomes from this self-assessment exercise will assist in determining the approach to be taken to induction and on-going development for FC Members.

- **The Committee is the right size and sufficiently diverse.**

Responses to this statement were split as follows: 1 'Strongly Agree', 2 'Agree' and 2 'Somewhat Agree'. Responses were supported by the comment: *'Recognised the need to have [a] better link to "a Healthier Mid and West Wales" and therefore [a] slightly different attendance.'* This suggests the need to ensure In Attendance Members with the appropriate skills, knowledge and experience attend each Committee meeting in order to guide Members in their deliberations. It also underlines

the need to maintain the annual review of the Committee's Terms of Reference and Work Programme, together with an annual review of the Committee's membership.

- **Attendance at Committee meetings is evaluated as a criterion for continued membership on the Committee.**

This statement elicited 2 'Strongly Agree' responses, 1 'Agree' response, 1 'Somewhat Agree' response and 1 'Unable to Assess/ Don't Know' response. These responses were unsupported by any further comment.

This statement needs to be understood as part of both Welsh Government's and HDdUHB's monitoring arrangements. Where poor attendance arises, this is discussed through meetings with the Health Board Chair, through Independent Members appraisal, through submissions to Welsh Government on Independent Member re-appointments and through HDdUHB's Annual Governance Statement. In addition to these arrangements, membership of all Board committees was reviewed by the HB Chair on her appointment.

Support for the Committee

- **The agenda and papers are received in a timely manner in advance of the meetings to allow time for appropriate review and preparation.**

While responses to this statement were divided in terms of 'Strongly Agree' and 'Agree', the following comment was recorded: *'Sometimes papers are not received in line with the agreed SLA.'* This comment reflects to an extent the wider financial reporting timescales which dictate the point in the month at which certain standing reports are published, and underlines the need to timetable Committee meetings as late in the month as possible in order to enable timely collation and publishing of reports prior to the meeting date.

- **The Committee receives clear and concise papers which focus on the key issues and priorities.**

Responses to this statement were split between 3 'Agree' responses and 2 'Somewhat Disagree' responses, the latter, however being unsupported by any further comment. This suggests the need for the Corporate Governance Team to maintain its quality assurance role of all papers submitted for FC's consideration, to ensure that the papers presented are succinct, and supported by SBARs which are well-populated and guide Members in considering the salient points. It also highlights the importance of the Committee agenda-setting meeting in identifying the rationale supporting the inclusion of papers for each subsequent meeting, which can be used to guide report authors in regard to the content and focus of their respective papers.

Whilst the foregoing identifies those areas of questions which elicited either a 'Somewhat Agree', 'Somewhat Disagree' or 'Disagree' response, and makes suggestions where further improvements could be made, it is pleasing to note Members' agreement on either 'Agree' or 'Strongly Agree' responses to the following statements:

- The role of the Finance Committee is understood and clearly defined in its Terms of Reference.
- Committee Members understand their individual role and what is expected of them.
- The Committee is aware of the areas in which it can take decisions under the Scheme of Delegation.
- The Committee has established and follows an agreed plan for the year's work.

- The work of the Committee culminates in appropriate recommendations to the Board.
- The Board takes due regard of the recommendations from the Committee.
- The Committee is effective in scrutinising and providing oversight of financial and the revenue consequences of investment planning (both short term and in relation to longer term sustainability).
- The Committee is effective in reviewing financial performance and reviewing any areas of financial concern.
- The Committee is effective in providing assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.
- The Committee is effective in seeking assurance on the management of principal risks within the BAF and CRR allocated to the Committee (financial risks), and providing assurance to the Board that risks are being managed effectively, reporting any areas of significant concern e.g. where risk appetite is exceeded, lack of timely action.
- The Committee is effective in recommending acceptance of risks that cannot be brought within the Health Boards risk appetite/tolerance to the Board through the Committee Update Report.
- The Committee is effective in providing assurance, raising appropriate concerns and making recommendations to the Board as a consequence of the Committee's role in relation to short term focus, medium term focus and improving financial management.
- The Committee is effective in developing and regularly reviewing the financial performance management framework and reporting approach, ensuring it includes meaningful, appropriate and integrated, timely performance data and clear commentary relating to the totality of the services for which the Board is responsible.
- Overall, the Committee is effectively fulfilling its Terms of Reference.
- Committee meetings are scheduled with sufficient time to cover all agenda items, including discussion and answering questions.
- Committee meetings are managed and controlled effectively, and conducted in a business-like manner.
- The Committee meeting dynamic encourages full participation and open communications.
- Meeting time is used well with issues getting the time and attention proportionate to their importance.
- The length of the Committee's meetings is appropriate in relation to the agenda.
- Committee Members have the collective skills, knowledge and experience to fulfil its Terms of Reference and to advise and assure the Board.
- Committee Members have a good understanding of the Health Board's financial performance, delivery on the Health Board's financial plans and objectives, and on financial control.
- Committee Members come to meetings prepared and ready to contribute.
- There is consistent attendance and timely arrival by Members at Committee meetings.
- An appropriate agenda is set before Committee meetings and is followed.
- The Committee receives appropriate advice from or via the Executive Team and staff.
- The Committee enjoys a good working relationship with management and significant issues are reviewed with the Chief Executive Officer or the relevant Lead Executive Director.

- The minutes of the meetings are accurate and reflect the discussion, next steps and/or action articulated by Members.

General comments from Committee Members were invited at the end of the survey with regard to the Committee’s key successes, together with shortcomings, opportunities for the improvement of meetings, and suggestions regarding future areas of focus.

Shortcomings in the effectiveness of the Committee were perceived in terms of not exerting sufficient fiscal control upon the HB Executive Team to ensure financial targets are met, and in not fully exploring potential links to other funding streams within the wider healthcare system, planning best use of these during their duration. Two comments regarding Committee meetings indicated some duplication of information in papers, and an occasional assumption of background knowledge in the content of reports.

Suggestions regarding future areas of focus for the Committee can be grouped under the headings of: recovery from financial exigencies arising from the COVID-19 pandemic, achieving the HB Savings Plan, gaining a clear understanding of the underlying deficit, and a more transformational approach to financial management for the future.

In terms of key successes of the Committee, Members’ responses indicated a greater degree of financial scrutiny applied to the HB’s financial performance and an improved understanding of issues driving this performance. Members were gratified by the development of effective tools to support robust financial management and to identify further savings opportunities, and were encouraged by the integration of Value-Based Healthcare principles within financial planning.

Finally, Members commented upon the maturity of the relationships between Finance Managers, their teams, and the wider HB establishment, which supported effective financial management within the organisation.

In summary, the suggestions and actions as described above will be taken forward by the Corporate Governance Team and the Finance Team as part of their respective workplans for 2020/21. The themes and outcomes from the self-assessment questionnaire will also contribute to the Finance Committee’s on-going development.

Argymhelliad / Recommendation

The Finance Committee is asked to:

- Discuss the findings of the FC self-assessment exercise 2020/21;
- Support the actions suggested by the Corporate Governance Team and the Finance Team;
- Consider any further improvements that could be made to increase the Committee’s effectiveness.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference:
Cyfeirnod Cylch Gorchwyl y
Pwyllgor:

10.5 The 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.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not Applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement	Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	FC Terms of Reference
Rhestr Termau: Glossary of Terms:	Included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee:	FC Members

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Not Applicable
Ansawdd / Gofal Claf: Quality / Patient Care:	Not Applicable
Gweithlu: Workforce:	Not Applicable

Risg: Risk:	Not Applicable
Cyfreithiol: Legal:	Not Applicable
Enw Da: Reputational:	Not Applicable
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable