

Appendix B II

Finance and Contracting Committee Terms of Reference

PURPOSE

1.1 The Finance and Contracting Committee (“the committee”) exists to:

- a) Scrutinise arrangements for ensuring the delivery of the ICB’s statutory financial duties in line with sections 223GB to 223M of the NHS Act 2006 (as amended by the Health and Care Act 2022).
- b) Oversee and scrutinise the development and delivery of ICB’s three year financial plan, annual budget and operational plan, with robust triangulation between the finance, actively and workforce numerical plans in line with the core requirements of the Planning Framework for the NHS in England¹; including any plans to achieve any joint financial objectives set by NHS England for the ICB and its partner NHS trusts and NHS foundation trusts.
- c) Oversee and scrutinise the ICB’s financial management framework, including consideration of the ICB monthly position and forecast, and scrutiny of actions to mitigate any negative variation in monthly position and forecast.
- d) Scrutinise the ICB’s financial/investment plans in relation to estates, environmental sustainability (including statutory duties as to climate change) ~~and data and digital.~~
- e) Oversee and scrutinise performance against healthcare contracted activity, including Primary Care Services, insofar as they relate to financial performance against activity, and scrutiny of actions to mitigate any negative variation.
- f) The Committee will also scrutinise any negative variation of performance and activity of non-healthcare contracts, and scrutiny of actions to mitigate any variance.

The Committee will provide regular assurance updates to the ICB in relation to activities and items within its remit.

2. DUTIES

2.1 Financial Governance: Assurance and Oversight

¹ [NHS England » Planning framework for the NHS in England](#)

a) Oversee and scrutinise the development and delivery of ICB's three year financial plan, annual budget and operational plan, with robust triangulation between the finance, actively and workforce numerical plans in line with the core requirements of the Planning Framework for the NHS in England²; including any plans to achieve any joint financial objectives set by NHS England for the ICB and its partner NHS trusts and NHS foundation trusts.

a)b) Oversee an integrated planning approach to preparing the annual operational plan, ensuring alignment with the national planning framework, the ICB's 5-year commissioning plan and national priorities, recommending this for approval by the Board.

b)c) Seek assurance that plans clearly demonstrate the use of resources to improve outcomes and tackle health inequalities. This will include:
i) A plan to meet statutory financial duties
ii) A joint capital resource use plan

e)d) Seek assurance that the ICB's annual budgets are prepared and allocated within limits of available funds and recommend these for approval to the Board, including review of draft ICB annual operating plan submission prior to submission to Board for approval of final submission.

e)e) Scrutiny of investments/disinvestments arising from approved strategic and operational plans, assuring a robust prioritisation framework is applied and consideration taken of the need to prioritise any investment to recovery plans and commissioning intentions.

e)f) Monitor and scrutinise the ICB's in-year budgetary performance, monthly forecast against plan and scrutiny of any recovery plans to address and mitigate negative variance, ensuring that:

- Required efficiencies and cost improvement plans are identified and delivered, including opportunities at system level
- Robust action plans are developed in response to any material breaches or variation against plan
- The ICB's expenditure in each financial year does not exceed the aggregate of any sums received within that financial year
- Local capital and revenue resource use for each financial year does not exceed the limits specified by NHS England
- Any joint financial objectives set by NHS England for the ICB and its partner NHS trusts and NHS foundation trusts are achieved

f)g) Monitor and scrutinise overarching and longer-term recovery plans including timescales, forecast savings or return on investment.

g)h) Scrutiny of winter planning and UEC investment schemes including value

² [NHS England » Planning framework for the NHS in England](#)

for money and monitoring of delivery or underachievement against schemes.

2.2 Contract Monitoring

Oversight/scrutiny of activity and cost against plan (both under and over actively), and steps to address, including:

- Oversight of any proposals that will impact upon the volume or quality of services provided (where there is an impact on quality this will be referred to the Quality and Outcomes Committee);
- actions that will have a material impact upon a Provider's ability to achieve its own targets, (including financial balance), and
- Assurance of how contracts are being used to monitor and improve VFM/productivity, address inequalities and contribute to social/economic development.
- Assurance from System Integrated Commissioning and Contracting meetings and any plans being developed to address under-performance.
- Assuring the adherence of the ICB's procurement and contracting policy and framework.

Managing the Market

- Monitor plans to drive efficiency and performance through cost, market and contractual management, seeking assurance that contract management and procurement mechanisms shape and manage the provider market, and support value for money
- Receive an annual risk-based assessment of the contracts held, that takes account of financial and operational performance, and assurance that the contracting and procuring of services are aligned to the financial outcomes set out in the 5-year commissioning strategy

2.3 Estates and Capital

- Seek assurance that infrastructure and capital plans maximise the use of existing assets and capital investment in the most effective way, to deliver objectives on transformation and performance improvement over the medium term and monitor plans for prioritisation of future capital resource use and development of capital funding bids.
- Approve the ICB's estates plan for the GP practices within its area and scrutinise arrangements for ensuring that the GP practice premises estate is properly managed and maintained.
- monitor and scrutinise the progress and delivery of the **estates and infrastructure strategy** (including Primary Care).
- ensure effective oversight of future prioritisation and capital funding bids (including Primary Care).
- Review the annual **Use of Capital Resource Plan** prior to approval by the

- ICB Board.
- Approve ICB headquarters estate and lease arrangements.

2.4 Environmental

- Monitor and scrutinise progress on the delivery the System Wide NHS Green Plan and Net Zero Plan and oversee an annual update to the plan, for assurance to the board.
- Gain assurance that the system wide NHS Green Plan and Net Zero Plan are built into ICS financial framework to ensure effective oversight of future prioritisation and capital funding bids

~~2.5 Digital and Data:~~

- ~~○ Monitor delivery against the ICS Digital and Data Strategy in line with the seven success measures within the 'What Good Looks Like' framework and oversee an annual update to the plan, for assurance to the board.~~
- ~~○ ensuring the strategy is underpinned by a sustainable financial plan and scrutinising delivery against the approved plan.~~

~~2.6~~2.5 Other

- Review and approve policies specific to the Committee's remit.
- Oversee the identification and management of risks relating to the Committee's remit.
- Monitor the quality of data that informs the work of the Committee; this includes review of the timeliness, accuracy, validity, reliability, relevance and completeness of data.