

## NHS South East London Integrated Care Board Financial Recovery Board

### Terms of Reference

FINAL DRAFT - 13 May 2022

#### 1. Introduction

- 1.1. The NHS South East London Integrated Care Board (ICB) Financial Recovery Board [the “FRB” or “sub-committee”] is established as a sub-committee of the ICB Board. The sub-committee has no executive powers other than those specifically delegated in these terms of reference. These terms of reference can only be amended by the ICB Board.
- 1.2. These terms of reference set out the role, responsibilities, membership, and reporting arrangements of the sub-committee under its terms of delegation from the ICB Board.
- 1.3. All members of staff and members of the ICB are directed to co-operate with any requests made by the FRB.

#### **Why we need to focus on financial recovery:**

- 1.4. Pre-pandemic the South East London system finished 2019-20 with a deficit of £250 million. The majority of the deficit sat within King’s, partly due to matters within the control of the organisation but also due to structural issues and history. King’s is not the only organisation in deficit or facing serious financial challenge. As we exit the pandemic the system deficit stands at £295 million. This deficit cannot continue.
- 1.5. NHS expenditure in South East London currently stands at c£7billion (this is combined expenditure of all NHS providers and other SEL commissioned services including primary care, expenditure on independent sector providers and providers outside South East London). Without any action this expenditure is forecast to increase faster than the income we receive over the next 5 years as financial support that covered the deficit is withdrawn and allocations are

brought in line with target. This gap between income and expenditure needs to be bridged.

- 1.6. If the ICS is to meet its ambitions to transform population health, then there will need over time to be increased investment in preventative spend, mental health spend and spend in the community. There will also be a need to 'level-up' across places. We need to create the headroom to allow for this.

## 2. Purpose

- 2.1. Each organisation, each place and each collaborative carries a responsibility and accountability for their own financial management. The ICB cannot and should not try and assume that responsibility and accountability. However, it is clear that for many years we have not balanced our own books (excluding external support) let alone created headroom for investment relying solely on actions managed at the level of institutions. And the ICB will have a responsibility for ensuring that total NHS expenditure by South East London organisations does not exceed total expenditure. If one partner overspends other partners will need to deliver a corresponding underspend.
- 2.2. Finance is all of our responsibility, not just our CFOs and finance teams. They can provide professional support but oversight and leadership needs to be far wider and across multiple disciplines.
- 2.3. The ICS is required to discharge regulatory functions for organisations in segment 4 of the SOF framework and the FRB will allow us to fulfil that duty without creating additional administrative burdens.

## 3. Scope

- 3.1. The sub-committee scope is that delegated to it by the ICB Board. It is responsible for securing delivery of its delegated functions.

## 4. Duties

- 4.1. Establish a clear and shared understanding of the baseline financial position of the ICS. This will include but not necessarily be restricted to:

- how South East London benchmarks against other systems in terms of patterns of health expenditure across sectors, places and demographics and why
  - how our providers benchmark in terms finance, activity and productivity against peers and (including service delivery and back and middle office) why
  - how local authority expenditure on health and care in South East London benchmarks against peers and why.
- 4.2. Assess, agree and quantify the opportunities for savings and productivity improvements and distinguish between those where:
- responsibility and oversight rests at the level of organisation
  - responsibility and oversight rests at the level of collaborative
  - responsibility and oversight rests at the level of place
  - responsibility and oversight should be undertaken at system level.
- 4.3. Use 1 and 2 to develop and oversee a credible financial recovery plan for South East London and recommend this to the ICB.
- 4.4. Sponsor and oversee the savings and efficiency programmes that it is agreed should be undertaken at system level.
- 4.5. Discharge the ICS responsibility for oversight of any SOF segment 4 organisations within the system.
- 4.6. Ensure that the current financial position and future financial position of South East London ICS, and the actions proposed to improve this position, is communicated to partner organisations in a clear, consistent and transparent way.
- 4.7. Use the evidence produced in support of financial recovery to advocate for South East London in conversations with NHS England on future allocation of resources.
- 4.8. Although there is a logical sequence in which these responsibilities might be discharged. We do not start from year zero and the Board should ensure that where there are clear and material opportunities, they should be progressed as soon as possible.

- **Principles and Ways of Working:** The board will work in accordance with ICS principles and ways of working, in particular:
  - **Partnership.** The Board will comprise individuals drawn from our sectors, places and institutions to ensure breadth of perspective but will work in partnership and act collectively.
  - **Subsidiarity.** The Board will focus on those areas that require or would benefit from collective action at the South East London level and will not seek to usurp the authority of sovereign bodies.
  - **Transparency.** The Board will ensure that its evidence, conclusions and recommendations are available to or shared with all partner organisations.
  - **Clinical Leadership.** The Board will ensure senior clinical input to all areas of the work programme and ensure that the clinical, quality and operational implications of proposed action is clear and understood.
- 4.9. The Board will only be responsible for performance managing the work programmes that it directly sponsors. It will, however, need to understand the efficiency and related work programmes sponsored at collaborative, place and organizational level both to avoid duplication and to ensure that whole is sufficient to meet to total challenge faced within South East London.

### 5. Accountabilities, authority and delegation

- 5.1. The Financial Recovery sub-committee will report to the Planning and Finance Committee of the Integrated Care Board.

### 6. Membership and attendance

- 6.1. Core members of the sub-committee include the following:
- ICB Chair [FRB Chair]
  - ICB CEO [FRB Deputy Chair]
  - ICB Executive Director of Planning
  - Acute CEO /APC SRO
  - Mental Health & Community CEO
  - Local Authority CEO
  - Acute Medical Director

Mental Health & Community Medical Director  
Acute Chief Nurse  
Acute COO  
ICB CFO  
Mental Health & Community CFO  
Acute CFO/APC CFO SRO  
Primary Care Representative  
APC Managing Director  
Acute Non-Executive Director  
Mental Health & Community Non-Executive Director

## 7. Chair of meeting

- 7.1. The ICB Chair will be the Chair of the Financial Recovery Board. The ICB CEO will be the Deputy Chair.

## 8. Quorum and conflict of interest

- 8.1. Meetings will be quorate with at least six members in attendance including a minimum of:
- The Chair or Deputy Chair
  - At least two of the clinician members (Acute Medical Director, Mental Health & Community Medical Director, Acute Chief Nurse, Primary Care Representative)
  - At least two of the CFO members (ICB CFO, Mental Health & Community CFO, Acute CFO/APC CFO SRO).
- 8.2. There should be at least one member able to represent each of the three following groups of partners:
- Acute sector
  - Mental health sector
  - Community and primary care.
- 8.3. In the event of quorum not being achieved, matters deemed by the chair to be 'urgent' can be considered outside of the meeting via email communication.

- 8.4. The FRB will operate with reference to NHS England guidance and national policy requirements and will abide by the ICS's standards of business conduct. Compliance will be overseen by the chair.
- 8.5. The FRB agrees to enact its responsibilities as set out in these terms of reference in accordance with the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Principles).
- 8.6. Members will be required to declare any interests they may have in accordance with the ICB Conflict of Interest Policy. Members will follow the process and procedures outlined in the policy in instances where conflicts or perceived conflicts arise.

## **9. Decision-making**

- 9.1. Decisions and/or recommendations made by the Board are anticipated to be based on consensus, and with unanimity, as the norm. Otherwise, the decision-making provisions set out in the ICB constitution will apply.

## **10. Frequency**

- 10.1. The FRB will meet once every month and at least four times per year.
- 10.2. All members will be expected to attend all meetings or to provide their apologies in advance should they be unable to attend.
- 10.3. Members are responsible for identifying a suitable deputy should they be unable to attend a meeting. Arrangements for deputies' attendance should be notified in advance to the sub-committee Chair and meeting secretariat.
- 10.4. Nominated deputies will count towards the meeting quorum as per the protocol specified in the ICS constitution, which means individuals formally acting-up into the post listed in the membership shall count towards quoracy and deputies not formally acting-up shall not.

## **11. Reporting**

- 11.1. Papers will be made available five working days in advance to allow members to discuss issues with colleagues ahead of the meeting. Members are responsible for seeking appropriate feedback.
- 11.2. The FRB will report on its activities to the Planning and Finance Committee. In addition, an accompanying report will summarise key points of discussion; items recommended for decisions; the key assurance and improvement activities undertaken or coordinated by the sub-committee; and any actions agreed to be implemented.
- 11.3. The minutes of meetings shall be formally recorded and reported to the Planning and Finance Committee.

## **12. Sub-committee support**

- 12.1. The ICB governance team will provide business support to the sub-committee. The meeting secretariat will ensure that draft minutes are shared with the Chair for approval within three working days of the meeting. Draft minutes with the Chair's approval will be circulated to members together with a summary of activities and actions within five working days of the meeting.

## **13. Review of Arrangements**

- 13.1. The sub-committee shall undertake a self-assessment of its effectiveness on at least an annual basis. This may be facilitated by independent advisors if the sub-committee considers this appropriate or necessary.