

**NHSBT Board Meeting**  
24 March 2018

## **Establishment of a Finance Committee**

**1. Status – Public**

**2. Executive Summary**

- 2.1 Following a period of consultation with Board members this paper recommends that a Finance Committee should be established as a sub-committee of the Board. A Terms of Reference for the committee is submitted for approval.

**3. Action Requested**

**The Board is asked to the approve the establishment of a Finance Committee as a sub-committee of the Board, along with the supporting Terms of Reference.**

**4. Background**

- 4.1 The forward five-year planning horizon is becoming much more complex than in previous years, especially within Blood. The CSM Programme, and the revised business case / approach that is now being developed, is a major contributor to this picture but so too is the:
- Ongoing financial pressures on the NHS and re-emergence of pay inflation (and the handling of the funding thereof from a blood pricing perspective);
  - Overall demand trends, plus the differential demands seen at group / component level;
  - Need to rebuild the blood donor base;
  - Potential impact of Interval / Compare (on donor numbers and costs);
- This results in a fluid and rapidly changing impact on our financial projections that is difficult to cover with sufficient rigour at Board meetings. A Finance Committee would, therefore, provide the opportunity for greater scrutiny of the detail, review of options and scenario planning and hence better assurance to the Board regarding pricing strategies.
- 4.2 Regarding DTS and ODT there is, perhaps at present, less need for such scrutiny but the external demands (eg NHS funding, pay inflation etc) are similar, as well the need to track existing and future projects / initiatives. The opportunity for a committee to review future funding (ODT) and pricing (DTS) trends would also be welcome, as would the ability for scrutiny of business contributions, overall cost trends and drivers and allocation across the whole of NHSBT.

- 4.3 The establishment of a Finance Committee is therefore proposed that would have a focus on financial performance & management. Scrutiny of operational performance will remain a key item within the Board but the committee would expect to flag performance issues that it considers should require a Board focus.
- 4.4 The committee will review the budget, five-year plan and NCG proposals (from a financial perspective), and advise the board accordingly. Approval and sign off would remain with the Board.
- 4.5 Regarding investments (capital and revenue, and including CSM), it is also proposed that the committee would monitor project pipelines, the delivery of projects against plan from a financial perspective, and the costs benefits of projected initiatives (and impact on pricing strategy). The approval, governance and control of investments, and the associated projects, would, however, remain with the Board.
- 4.6 With this in mind, the intention is to operate a relatively small and focused committee as opposed to a larger committee requiring extensive operational involvement. It would comprise 3 non-executive members and 2 executive members meet five times per year timed to coincide with key points of the budgeting, pricing and planning cycle. In principle it would be held towards the end of the month between Board meetings, after the Transformation Programme Board meeting for that month, and with the aim of the minutes being available for the following Board meeting. It is proposed that a first meeting would be held in June
- 4.7 Reflecting the above a Terms of Reference for the Finance Committee is attached for approval.

## **5. ED Scrutiny**

- 5.1 Full Board approval is required.

### **Author**

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