



20 May 2021

## Cashing in on reform – finance committees and their remit

*NHS trusts are not required to set up finance committees but it's a brave chair who does not seek the reassurance of experts that their finances are in good shape*

Astonishingly, NHS trusts are not required to set up a finance committee. Yet in today's challenging circumstances, it's a brave chairman who does not surround themselves with subject experts to reassure the board that their finances are in good shape. Or not, of course. For it is a bigger problem not to know what is going on than to deal with difficult issues.

NHS finances do not show any sign of becoming less complicated. Our recent board assurance prompt dealing with finance committees encourages them to ensure they add value. It is all too easy for them to become approval mechanisms of papers to note, for assurance or for the record, adding nothing on the way through and gaining little other than a sense of vicarious wellbeing.

That must not be the case. There is an argument to make finance the business of the whole board but, important though the topic is, there are other matters that are of equal significance (quality of care and patient safety for example). The risk is that the board's focus would be skewed and it would not meet the full range of regulatory responsibility and accountability it is required to deal with.

### Workhorse of assurance

The finance committee should be the workhorse of assurance alongside the quality committee. If, as is the current trend, there is an integrated performance report then the finance committee should insist on a separate cover paper identifying matters that are concerning the executive.

Reports are often inevitably a few weeks out of date so events may well have taken place or situations deteriorated. It is very much the case that the executive needs the board as much as the other way round so it is good practice for the executive to make sure the board and its committees are supporting and helping them to do their job.

Most of the time executive teams feel that they should report to the board at the end of a process whereas engaging the non-executives on developing the thinking towards solutions – especially strategic ones – makes good use of the skills and attributes for which they have been appointed.



There is no doubt that finance decisions can be as strategic as any others, especially in relation to capital development, costs improvement and tactical use of revenue. Each of these matters benefits from a discussion on the way to a conclusion.

## It's good to listen

Trusts will have a plethora of executive-led committees to consider and discuss matters on their way to the board's committee. Their motivations and ambitions may differ and be related to the expertise of those looking after them but there is no doubt that one of the most important jobs for non-executives is to hear the views of the senior team, especially the most senior clinicians.

They are, after all, responsible for the delivery of high-quality care for patients and service users. So it is worth the committee's while to know where a paper has been on its journey and how it has changed – this last point so it is clear whether any note has been taken of what has been said. This makes the committee part of a process rather than a stop on the way and justifies the use of such senior (and expensive) time.

So, a finance committee, while not a necessity, is more than highly desirable and it is difficult to see how a trust can run without one. That said, running it professionally and seriously is the only way to justify to investment of time and effort on the part of the executives who look after the committee and the members who sit on it.

## Illuminations

- Balancing agendas across the board and its committees allows the board to focus on matter that matter.
- The finance committee should be open to 'green paper' discussions and not just approving finished articles.
- 'What did other groups do, who have thought about this issue?' is one of the best and most informative questions the finance committee can ask.

If you have any questions or comments about this briefing, please call us on 07732 681120 or email [advice@good-governance.org.uk](mailto:advice@good-governance.org.uk).