



## Terms of Reference – Finance Committee

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March 2008	N/a	Not recorded	Pre-FT	Not recorded
07 October 2008	N/a	Not recorded	FT	First Foundation Trust version
March 2009	N/a	Not recorded	Not recorded	Not recorded
22 June 2012	1.1	Trust Secretary	Redraft	To ensure congruence with the Terms of Reference of other committees of the Trust Board of Directors as revised at the beginning of 2011-2012. Endorsed by Finance Committee for approval by Trust Board of Directors with addition of footnote 4.
28 June 2012	2.0	Trust Secretary	Major Version	Approved by Trust Board of Directors.
26 September 2014	3.0	Joint Interim Head of Membership & Governance	Redraft	To ensure congruence with the Terms of Reference of other committees of the Trust Board of Directors ahead of the well led Governance Review to be undertaken in late 2014.
28 July 2016	4.0	Trust Secretary	Minor	<ol style="list-style-type: none"> <li>1. Changes to job titles and quorum for the committee.</li> <li>2. Change from Monitor to NHS Improvement.</li> <li>3. Additional section 7.2 in relation to the quorum.</li> <li>4. Change from the Trust Secretary attending from time to time, to each meeting. (6.6 (b))</li> </ol>

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13/10/2017	5.0	Trust Secretary	Minor	<ol style="list-style-type: none"> <li>1. Minor typographical amendments</li> <li>2. Inclusion of the reporting requirement to the Audit Committee (section 5.2)</li> <li>3. 4.2 (e) updated to reflect the Capital Investment Policy</li> <li>4. 8.1 a (x) updated to reflect the Use of Resources Rating</li> <li>5. 4.3 (e) updated to clarify wording</li> </ol>
23/10/18	6.0	Deputy Trust Secretary	Minor	<ol style="list-style-type: none"> <li>1. Revisions to make sure Tor align with best practice.</li> <li>2. Revisions to clarify the risk function (as part of a review of all Board ToR in relation to risk) and to ensure assurance mapping is correct across Committees.</li> <li>3. Clarity of wording.</li> </ol>

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## **1. Constitution of the Committee**

1.1 The Finance Committee (the Committee) is a non-statutory committee established by the Trust Board of Directors to discharge the duties set out in these Terms of Reference.

## **2. Purpose and role**

2.1 The purpose of the Finance Committee is to support the Board's strategic direction and stewardship of the Trust's finances, investments and sustainability. In particular, the Committee is to provide the Board with assurance concerning all aspects of finance and operational performance relating to the provision of care and services in support of getting the best clinical outcomes and experience for patients. It will also seek assurance that there is adequate organisational oversight of the financial, estates and IT/digital risks to the Trust's ability to achieve its strategic plan.

2.2 Additionally, the Finance Committee shall carry out the role of 'investment committee' for the purposes of the Trust's Capital Investment Policy.

2.3 The Finance Committee is also responsible for seeing assurance that the Trust is effectively delivering against the strategic objectives set out in the Trust Strategy, and in particular is delivering against the enabling strategies which are relevant to the remit of the Committee (the Digital Strategy, the Finance Strategy and the Estates Strategy).

## **3. Function**

3.1 The function of the Committee is to review, maintain and monitor, on behalf of the Trust Board of Directors, strategic principles, priorities and performance parameters for:

- Delivery of the financial aspects of the Operational Plan
- The annual Trust Service and financial plans: revenue, budgets, capital, working and associated targets for-savings to ensure sustainability going forward
- The Trust's financial plans over the short, medium and long term.
- Estates and digital IT issues.
- The availability of financial management information (to ensure a consistent approach to financial management);
- Sustainable service commissioning;
- Review and maintain an overview of financial and service delivery agreements and key contractual arrangements
- Oversee the development, management and delivery of the Trust's annual capital programme <sup>1</sup>

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<sup>1</sup> The Finance Committee shall carry out the role of "investment committee" for the purposes of the Trust's Capital Investment Policy.

- Consider key financial policies e.g. investment policy, issues and developments to ensure that they are shaped, developed and implemented in the Trust appropriately.
- To consider and recommend for approval by the Trust Board of Directors any proposed changes to Trust Standing Financial Instructions.

#### **4. Authority**

4.1 The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in these terms of reference. The Committee is authorised by the Board to:

- (a) Review, monitor, and where appropriate, investigate any financial matter within its terms of reference, and seek such information as it requires to facilitate this activity;
- (b) Obtain whatever advice it requires, including external professional or legal advice if deemed necessary (as advised by the Trust Secretary). In so doing, it may require directors and other officers, or independent specialists to attend meetings to provide such advice.

4.2 The Committee discharges the authority delegated to the members of the Committee (when present) both in the Scheme of Delegation, and from time to time by the Chief Executive as recorded in the minutes of meetings.

4.3 Additionally, the Committee has delegated authority to:

- (a.) Approve the investment and borrowing strategy and associated policies;
- (b.) Set financial performance benchmarks;
- (c.) Approve Project Initiation Documents (as recommended by the Trust Senior Leadership Team) for capital schemes above the de minimis amount<sup>2</sup>;
- (d.) Approve capital investments and divestments above the de minimis amount<sup>2</sup>;
- (e.) Approve Business Cases with a capital cost greater than 0.5% and up to and including 1% of the Trust's turnover of £658million as per the Capital Investment Policy approved in May 2017.

#### **4.4 Limitations**

- (a) Unless expressly provided for in Trust Standing Orders or Standing Financial Instructions the Committee shall have no further powers or authority to exercise on behalf of the Trust Board of Directors.

#### **5. Reporting**

5.1 The Chair of the Committee shall report to the Trust Board of Directors on the activities of the Committee and shall make whatever recommendations the Committee deems appropriate (on any area within the Committee's remit where disclosure, action or improvement is considered necessary).

5.2 The Chair shall provide a report on the activities of the Finance Committee at each Audit Committee.

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<sup>2</sup> As set out in the Trust's Standing Financial Instructions.

- a. The Committee shall prepare a statement for inclusion in the Annual Report about its activities.

## 6. Membership and attendance

- 6.1 Members of the Committee shall be appointed by the Trust Board of Directors and shall include:
  - i. Three Non-Executive Directors;
  - ii. The Chief Executive;
  - iii. The Director of Finance;
  - iv. The Chief Operating Officer<sup>3</sup>.
- 6.2 The Chair of the Trust may be a member of the Finance Committee.
- 6.3 One of the Non-Executive members will be appointed Chair of the Committee by the Board and will not Chair any other standing Committee of the Board.

### 6.4 **Attendance**

It is expected that members will or a nominated appropriate representative will attend a minimum of 75% of committee meetings a year.

### 6.6 **In - Attendance**

- (a) The following officers may be required to attend meetings of the Committee at the invitation of the Chair:
  - (i) Deputy Director of Finance<sup>4</sup>
  - (ii) Associate Director of Finance
  - (iii) Head of Financial Management and Service Improvement;
  - (iv) Head of Contract Management and Costing;
  - (v) Clinical Chairs;
  - (vi) Divisional Directors;
  - (vii) Divisional Finance Managers,
  - (viii) Only members of the Committee have the right to attend Committee meetings.

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<sup>3</sup> In circumstances where the Chief Operating Officer is unable to attend a meeting, a suitable deputy shall be designated to attend. Attendance by the designated deputy shall be subject to approval by the Chair of the Finance Committee and the Chief Executive jointly. Their presence shall not contribute to the quorum.

<sup>4</sup> In the event that the Director of Finance is unable to attend, the Deputy Director of Finance is a required attendee. In those circumstances the presence of the Deputy Director of Finance does contribute to the quorum.

However, other individuals, including external advisors, may be invited to attend for all or part of any meeting, as and when appropriate.

- (b) The Trust Secretary shall attend each meeting to provide advice to the Directors and to facilitate the formal evaluation of the Committee's performance.

## 7. Quorum

7.1 The quorum necessary for the transaction of business shall be two Non-Executive members, the Director of Finance or nominated deputy, and one other Executive Director, or nominated deputy).

7.2 In the event the Chief Executive is unable to attend a duly convened meeting, then another Executive Director (other than the Director of Finance) will be nominated to attend on behalf of the Chief Executive.

7.3 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee as set out in these Terms of Reference.

## 8. Duties

8.1 The duties of the Committee are:

- (a) To consider and examine on behalf of, and subject to review by the Trust Board of Directors:
  - (i) Key financial performance indicators;
  - (ii) Monthly/annual consolidated financial performance summaries and related budgets;
  - (iii) The monthly / annual statement of financial position;
  - (iv) Working capital performance;
  - (v) Cash flow status;
  - (vi) Capital investment programme;
  - (vii) Recommendations from the Capital Programme Steering Group;
  - (viii) Risks associated with financial plans (finance risk);
  - (ix) Financial relationships with the Trust's Commissioners;
  - (x) Use of Resources Ratings applied by NHS Improvement
  - (xi) Financial performance forecasts;
  - (xii) Financial aspects of the Board Assurance Framework document; and,
  - (xiii) Business cases classed as 'major' or 'high' risk; making recommendations approval or rejection to the Board, and,

- (b) To:
  - (i) Approve the investment and borrowing strategy and associated policies;
  - (ii) Set financial performance benchmarks and monitor the performance of investments;
  - (iii) Review proposed revisions to the Capital Investment Policy for approval by the Trust Board of Directors each year;
  - (iv) Seek and consider evidence of organisational compliance with the Capital Investment Policy;
  - (v) Approve Project Initiation Documents for all capital schemes above the de minimis amount;
  - (vi) Approve capital investments and divestments above the de minimis amount, ensuring in each case that the Trust has the legal power to enter into the investment;
  - (vii) Approve business cases within its delegated authority.

## **9. Secretariat Services**

9.1 The Finance Department Secretariat shall co-ordinate secretariat services to the Committee.

### **9.2 Notice and Conduct of Meetings**

- (a) Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair.
- (b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be made available to each member of the Committee, any other person required to attend and all other non-executive directors, no later than seven working days before the date of the meeting.
- (c) Supporting papers shall be made available to Committee members and to other attendees as appropriate, no later than three working days before the date of the meeting.

### **9.3 Minutes of Meetings**

- (a) The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and those in attendance.
- (b) Draft Minutes of Committee meetings shall be made available promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.

## **10. Frequency of Meetings**

10.1 The Committee shall meet every month, and at such other times as the chair of

the Committee shall require.

## **11. Review of Terms of Reference**

- 11.1 The Committee shall, at least once a year, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.