

**FINANCE, BUSINESS AND INVESTMENT COMMITTEE  
TERMS OF REFERENCE**

(June 2018)

**1. CONSTITUTION**

- 1.1 The Board hereby resolves to confirm the constitution of a Committee of the Board to be known as the Finance, Business and Investment Committee (the Committee), which is directly accountable to the Board.
- 1.2 The overall objectives of the Committee are to:
- Scrutinise current financial performance and future financial plans
  - Review financial and business risks
  - Monitor that decisions involving finance are properly made
  - Promote good financial practice throughout the Trust
  - Review cash management and investment of surplus cash
- 1.3 All procedural matters in respect of conduct of meetings shall follow the Trust's Standing Orders.

**2. MEMBERSHIP**

- 2.1 The members of the Committee shall be as follows:
- Three Non-Executive Directors
  - Chief Executive
  - Chief Financial Officer
  - Director of Commercial Development & Performance.
- 2.2 The Chair of the Trust shall not be a member of the Committee.
- 2.3 A quorum shall be three members, including at least two non-executive directors.
- 2.4 The Chair of the Committee shall be one of the independent non-executive directors, and shall be appointed by the Board.

**3. ATTENDANCE AT MEETINGS**

- 3.1 All members are expected to attend each meeting.
- 3.2 In addition to the Executive Director members, other Directors and staff will be invited to attend, particularly when the Committee is discussing issues relating to their area of responsibility.

#### **4. FREQUENCY OF MEETINGS**

- 4.1 The Committee shall normally meet six times per year.
- 4.2 Any Non-Executive Director may request a meeting if they consider that one is necessary.

#### **5. AUTHORITY**

- 5.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any requests made by the Committee.
- 5.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

#### **6. DUTIES**

The duties of the Committee can be categorised as follows:

##### **6.1 Finance:**

- To review proposed financial returns to MonitorNHS Improvement, to test assumptions, and to assess whether such returns represent a true and fair view of the financial performance for the period under review, and current projections.
- To scrutinise current financial performance and assess adequacy of proposed rectification action to bring performance in line with plan (where necessary) with relevant Corporate or Borough Directors.
- To scrutinise projected financial performance with particular reference to reviewing sustainability against Board objectives on risk ratings and liquidity.
- To review budget control framework, including budget setting and budget maintenance guidelines.
- To scrutinise proposed budgets and recommend adoption of final budgets by the Trust Board.
- To assess whether all proposed returns to NHS Improvement comply with the requirements of the Framework.
- To review contract documentation with main commissioners, and development of Model Contracts with such commissioners.
- To assess, periodically, the impact of different financial assumptions on the future financial position of the Trust, and to assess adequacy of mitigating actions to protect the future financial position of the Trust.
- To assess, periodically, the skills base within the Finance Department and the adequacy of Treasury and Management Accounting reporting.

- To advise on the development of financial policies including service line reporting and associated costing.
- To review implications of national financial policies, and changes therein, on the Trust.
- To review the procurement procedures and receive an annual report on procurement within the Trust.

## 6.2 Business:

- To assess whether adequate systems are in place to ensure that financial considerations are properly incorporated within capital investment decisions.
- To scrutinise capital investment proposals for financial implications and consistency with strategic service plans.
- To review the Trust's Annual and Strategic Business Plans.
- To receive and scrutinise proposed service developments, including enhancements to existing contracts, to ensure proper financial evaluation including impact on the future risk ratings.
- To review, periodically, market analysis undertaken on behalf of, or by, the Trust.

## 6.3 Cash Investments

- To monitor adequate safeguards on investment of funds by approving:
  - List of institutions with whom funds can be placed.
  - Investment limits for each institution.
  - Investment types.
- To confirm that bank mandates are in place for all accounts and that such mandates are updated for changes in signatories and authority levels.
- To review draft cash management and investment policies, recommend their approval by the Board, and test compliance with such policies.
- To recommend to the Board any draw down of Working Capital Facility or Prudential Borrowing Limits.
- To review investment performance and risk.
- To approve investments with a term of three months or more and any investments over £5 million.

## 7. REPORTING

- 7.1 The minutes of the Committee meetings shall be formally recorded and submitted to the following Part 2 Board meeting.
- 7.2 The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

7.3 The Committee will report to the Board annually on its work, in advance of the Board meeting to agree the Annual Report and Accounts.

## 8. COMMITTEE SECRETARY

8.1 The Committee will be supported administratively by the Trust Secretary, whose duties in this respect will include:

- Agreement of agenda with Chair and collation of papers
- Taking the minutes and keeping a record of matters arising and issues to be carried forward
- Advising the Committee on pertinent areas
- Under the direction of the Chair, drafting the Committee's annual report
- Keeping a record of attendance at meetings.

**Last reviewed by the Committee:** ~~28 March 2017~~ 26 June 2018

**Date approved:** ~~27 April 2017~~ [ 11 July 2018]

**Approved by:** Trust Board

**Next review date:** March 201~~8~~9 by the Committee / April 201~~8~~9 by the Board