The Queen Elizabeth Hospital King's Lynn
NHS Foundation Trust

DRAFT

FINANCE AND ACTIVITY COMMITTEE

TERMS OF REFERENCE – April 2021

1. Overall Purpose:

The Finance and Activity Committee ('the Committee') is established as a committee of the Board of Directors, to:

- Support the Board in overseeing the adequacy of resources to meet financial commitments and the Annual Operating Plan;
- Support the Board in its responsibilities for financial management and ensuring that it optimises financial performance. The Committee will achieve this through its oversight of the Trust's work on financial planning and performance, activity, productivity, commissioning/contracting and efficiency;
- Support the Board in its responsibilities for delivery of the NHS Constitutional standards
- Oversee the development and delivery of the Trust's Business Plan; and
- Ensure that processes are in place for holding appropriate teams, individuals and groups to account for the delivery of the Business Plan; and
- Monitor the Trust's performance against the criteria of the 'Use of Resources' framework

2. Key Responsibilities:

FINANCE

The Committee's key responsibilities are:

Financial Planning

- To assure evidence to the Board regarding the Trust's delivery of its financial plans and/or to alert the Board to adverse variances, risk and risk mitigations, to assist the Board in meeting regulatory requirements;
- Within the Trust's agreed financial planning and budget-setting timetable, to oversee development and delivery of the Trust's Annual Operating Plan, Finance Strategy, Revenue Budgets and Capital Plan, providing assurance to the Board;
- To consider and recommend to the Board, significant business cases; and
- To consider and make recommendations as to the handling and approval of significant transactions and increases in Private Patient Income in accordance with the Health and Social Care Act 2012 and the Trust's constitution.

Financial Monitoring and Reporting

- To scrutinise financial performance information; utilising relevant benchmarking information;
- To keep the form and content of the Board's financial reports under review, recommending changes as appropriate in line with guidance and best practice;
- To review financial plans and strategies and ensure they are consistent with the Trust's overall objectives and plans;
- To review regularly and endorse the Trust's Financial Strategy and to recommend approval by the Board;
- To review cash and capital positions and to make recommendations to the Board in respect of management and borrowing;
- To monitor the delivery of the Trust's Cost Improvement Programme (CIP), productivity and efficiency;
  - To scrutinise the delivery of financial recovery plans and trajectories, reporting issues of concern to the Board by exception;
  - To review investment outcomes through post-implementation evaluation;
  - To monitor the delivery of the Trust's Capital Plan;
  - To monitor and review the development and utilisation of Service Line Reporting and Patient Level Information and Costing; and
  - To seek assurance concerning the rigour of the Trust's Reference Costs processes

Contracting, Commissioning and Activity

- To monitor and review the status of the Trust's contracting and commissioning relationships, risks and issues; and
- To monitor the development, phasing and delivery of the Trust's Activity Plans, overseeing delivery against recovery trajectories where required.

OPERATIONAL PERFORMANCE

- To monitor operational performance against key targets and performance indicators, and to escalate areas of concern, where appropriate, to Trust Board;
- To monitor restoration and improvement plans for urgent and emergency care and elective care and to escalate areas of concern, where approprtiate to Trust Board;
- To scrutinise operational performance information; utilising relevant benchmarking information

RISK

- To monitor and review the adequacy of the Trust's financial risk assessments, assumptions, sensitivities, mitigation plans and contingencies;
- To monitor the effectiveness of controls and sources of assurance in respect of financial activity, and contracting risk identified on the Board Assurance Framework and corporate risk register.

3. Accountability and Relationships:

The Committee is accountable to the Board of Directors. The Committee will:

- Ensure that issues and risks that fall outside the remit of the committee e.g. quality, operational performance and workforce issues, are communicated to the appropriate Committee to ensure effective integrated governance;
- Make a regular Chair's Assurance report to the Board, reporting assurance, escalated risks and recommendations where decisions are required, which are outside the delegated authority of the committee;
- Make an Annual Report to the Board of Directors, incorporating an annual self-assessment of its effectiveness against its terms of reference, submitting the self-assessment and any action/improvement plan resulting from the self-assessment.

The Committee will co-operate with the Audit Committee in carrying out its responsibilities for providing assurance to the Board in respect of the Trust's governance systems and processes.

4. Membership:

- **Chair**: Non-Executive Director
- 3 NEDs (including the committee chair)
- Director of Finance
- Chief Operating Officer
- Director of Strategy
- ~~Director of Transformation~~
- ~~Director of Patient Safety~~

Core attendees:

- Trust Secretary
- Deputy Director of Finance
- Deputy Chief Operating Officer

In attendance by invitation:

- Other Directors and Officers of the Trust
- Governors, patients and / or other parties may be invited to attend the meetings of the committee to participate in specific business.

Whilst not members, the Trust Chairman and CEO may attend any meeting of the Committee.

5. Frequency of meetings and attendance

Meetings of the Committee will normally be held monthly, with the exception of August and December. Additional meetings shall be called as necessary.

Members are expected to attend at least 75% of meetings in a 12-month period.

Members and invited attendees unable to attend, should notify the Committee Clerk, 3 days in advance of the meeting and should identify a substitute to attend, who is appropriately briefed to present any necessary reports and participate in the meeting.

A non-executive director will act as Chair of the Committee in the event of the named Chair being unable to attend.

6. Rules:

- Ordinary meetings will be held in accordance with the Trust's Annual Governance timetable and will be arranged 12 months in advance where possible;
- The Committee will draw up, maintain and conduct its business in accordance with a forward plan, which will be reviewed at each meeting;
- Extraordinary meetings may be called with the agreement of the Chair, where necessary;
- Urgent business within the remit of the Committee, requiring attention between meetings may be conducted using the Urgent Actions Procedure, or escalated to the ~~senior committee~~ Board;
- 'Any Other Business' to be notified to the Committee Chair prior to the meeting;
- Agendas and papers will be published 5 days in advance of the meeting, where possible;
- Meetings to be minuted and separate action points recorded and circulated promptly;
- A quorum will consist of 50% of core members, including 1 NED and 1 Executive Director; and
- The minutes will be approved by the Committee, at its next meeting.

7. Authority

The Committee may investigate, monitor and review any activity within its terms of reference. It may seek information from employees and employees are directed to co-operate with requests made by the Committee.

The Committee may secure the attendance of any individual with relevant experience and expertise if it considers this necessary. The Committee may seek to commission external specialist advice within policy and within budget.

The Committee may only approve proposals with financial implications, within its delegated authority and within policy and budget. Where decisions are required, which fall outside the delegated authority of the Committee, a recommendation for approval shall be made to the Board or relevant committee via the Chair's Assurance Report and submission of supporting papers.

8. Monitoring Compliance with these Terms of Reference:

The Committee's Annual Report to the Board of Directors will be used to assess the Committee's compliance with its terms of reference.

9. Review

The Committee's Terms of Reference will be reviewed annually.

Reviewed by:	Finance & Activity Committee
Date:	April 2021
Ratified by:	Board of Directors
Date Ratified:	~~February 2020~~ May 2021
Review Date:	~~July 2021~~ April 2022