# FINANCE AND PERFORMANCE COMMITTEE

# TERMS OF REFERENCE – APRIL 2014

## 1. Overall Purpose:

The Finance and Performance 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 Business 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, commissioning/contracting and efficiency;
- Oversee the development and delivery of the Trust's Business Plan;
- Ensure that processes are in place for holding appropriate teams, individuals and groups to account for the delivery of the Business Plan;
- Assess the performance of the Trust's finance function;
- Monitor and examine the Trust's operational performance; and
- Oversee the Trust's compliance with key performance standards.

## 2. Key Responsibilities:

**FINANCE**

The Committee's key responsibilities are:

**Financial Planning**

- To assure the 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 recommend the Trust's Annual Financial Plan, Revenue Budgets and Capital Plan to the Board;
- To oversee the business case approvals process;
- To approve/recommend business cases in line with the Trust's business planning processes, Standing Financial Instructions (SFIs) and the Trust's scheme of delegation; 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.

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**Financial Reporting and Monitoring**

- 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 long-term financial model 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 commission and consider the results of in-depth reviews of adverse variance or trends in respect of the delivery of the Trust's efficiency programme and to report findings to the Board;
- To scrutinise the delivery of financial recovery plans, reporting issues of concern to the Board by exception;
- To review investment outcomes through post-implementation evaluation; and
- To monitor the delivery of the Trust's Capital Plan.

**Board and Organisational Financial Awareness and Involvement**

- To support the Board in establishing and maintaining effective Financial Governance by:

    - Commissioning and considering the results of Financial Governance Review activities;
    - Monitoring Financial Governance Review action plans and assuring evidence to the Board concerning the delivery and embedding of improved processes or escalating areas of concern;

- To work within the Board's Standing Financial Instructions, scheme of delegation and policy & budgetary control framework;
- To support the Director of Finance in a periodic review of the structure and capacity of the finance function;
- To ratify finance, investment and treasury management policies, under delegated authority from the Board; and
- To monitor, review and recommend to the Board, the Trust's 'Scheme of Delegation' (Financial).

**OPERATIONAL PERFORMANCE**

- To scrutinise operational performance information; utilising relevant benchmarking information;
- To review periodically, the format of the Performance Dashboard (including reported performance indicators) and Performance Report and the recommendation of proposed changes to the Board;
- To utilise appropriate benchmarking information to develop local targets and standards for the Trust, including 'stretch' targets, and to recommend proposals to the Board;
- To ratify policies related to performance management (e.g. the accountability agreement), under delegated authority from the Board;
- To provide evidence and assurance to the Board in respect of the Trust's compliance with performance targets and standards and/or alerting the Board to gaps in compliance, to assist the Board in meeting regulatory, self-assessment and registration requirements;

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- To ratify the Management of External Agency Visits, Inspections and Accreditations Policy and Schedule;
- To oversee the Trust's management of external agency visits, inspections and accreditations, including escalation of any identified compliance risk and ensuring that adequate remedial action is taken;
- To oversee the Trust's recovery plans to address areas for improvement in securing compliance with performance targets and standards regimes; and

**RISK**

- To monitor and review the adequacy of the Trust's financial risk assessments, assumptions, sensitivities, mitigation plans and contingencies;
- To monitor the management of financial and operational performance risk identified on the corporate risk register;
- To consider and recommend to the Board, the Trust's self-assessed compliance with Monitor's Risk Assessment Framework.

## 3. Accountability and Relationships:

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

- Receive and monitor Chair's Key Issues from each of the groups reporting to it;
- Provide Chair's Key Issues from its meetings to the Board;
- Ensure that issues and risks that fall outside the remit of the committee e.g. quality and workforce issues, are communicated to the appropriate Committee;
- Make its minutes available to the Board for information;
- Make a regular Chair's Key Issues report to the Board, reporting assurance, escalated risks and recommendations where decisions are required, which are outside the delegated authority of the committee;
- Ensure that groups reporting to the Committee operate effectively through:

  - Clear and relevant terms of reference
  - Clear objectives
  - Appropriate work programmes
  - Appropriate membership and skilled leadership
  - Clear lines of reporting and accountability

- Ensure that all of its reporting sub-committees submit annual reports, using the Trust template; and
- 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.

Reporting to the Finance and Performance Committee are:

- The Trust Executive Committee
- The Business Investment Committee
- The IM&T Committee
- The Financial Recovery Committee (Oversight Group)

The Chairs of these Groups are members of the Committee.

Chair's key issues of the reporting groups will be standing agenda items of the Committee.

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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
- All NEDs
- Director of Finance
- Chief Operating Officer
- Deputy Director of Finance
- Deputy Director of Performance and Informatics
- Turnaround Director

## 5. In attendance by invitation:

- Deputy Director of Finance
- Deputy Director of Performance and Informatics
- Clinical Directors and 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.
- Company Secretary

## 6. Frequency of meetings and attendance

Meetings of the Committee will normally be held every other month.

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. Substitutes will not be eligible to vote on issues recommended to the Committee.

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

## 7. 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;
- 'Any Other Business' to be notified to the Committee Chair prior to the meeting;
- Agendas and papers will be published 5 working 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; and
- The minutes will be approved by the Committee, at its next meeting.

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## 8. 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 Key Issues log and submission of supporting papers.

## 9. 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.

## 10. Review

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

**Author:** **Company Secretary**
**Date:** **April 2014**
**Ratified by:** **Board of Directors**
**Date Ratified:**
**Review Date:**

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