

**FINANCE COMMITTEE**

**TERMS OF REFERENCE**

<b>Policy</b>	✓
<b>Review of Policy</b>	✓
<b>Review of Trust Area of Activity</b>	✓
<b>Operations</b>	✓
<b>Resource Management</b>	✓

The purpose of the Finance Committee is to support the Board’s strategic direction and stewardship of the Trust’s finances, investments and financial 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, within the resources set out in the annual plan. The function of the Committee is to scrutinise and ensure delivery of, on behalf of the Trust Board, the strategic principles, priorities and performance parameters for:

1. Delivery of the financial aspects of the Operational Plan.
2. The annual financial plans: income and expenditure plans/budgets, revenue investment, capital investment, working capital, statement of financial position and cash flow, and associated targets for savings to ensure sustainability going forward.
3. The availability and quality of financial management information (to ensure a consistent approach to financial management).
4. Sustainable service commissioning from a financial and funding perspective.
5. Review and maintain an overview of financial and service delivery agreements and key contractual arrangements.
6. Oversee the development, management and delivery of the Trust’s annual capital programme.
7. Review and approve as appropriate on behalf of the Board business cases developed by the Trust
8. Consider key financial policies e.g. investment policy, issues and developments to ensure that they are shaped, developed and implemented in the Trust appropriately.
9. To consider and recommend for approval by the Trust Board any proposed changes to Trust Standing Financial Instructions.
10. Any other relevant matters as referred by the Board.

**Membership and Responsibilities**

**Chair**

Non Executive Director

**Vice Chair**

Non Executive Director

**Members**

Non Executive Directors x 3 (including the Chair and Vice Chair) (Two and ideally the Chair should have recent relevant finance expertise) (One Non-Executive Director should also be a member of the Audit and Assurance and Quality and Performance Committees)  
 Chief Executive  
 Director of Finance  
 Director of Human Resources and Organisational Development  
 Chief Operating Officer

**Invitees**

Director of Operational Finance  
 Medical Director  
 Nursing Director  
 Cost Improvement Programme Director  
 Other staff at the invitation of the Chair

**Governor Representative – Non-Voting**

Lead Governor

**Officer**

Trust Secretary

11. To approve Business Cases above £500k.

The Duties of the Committee are to consider and examine:-

- (a) Key financial performance indicators.
- (b) Monthly/annual consolidated financial performance summaries and related plans/budgets.
- (c) Cost improvement plans
- (d) The monthly/annual statement of financial position.
- (e) Working capital performance.
- (f) Cash flow status.
- (g) Capital Programme.
- (h) Risks associated with financial plans.
- (i) Financial relationships with Trust Commissioners.
- (j) Financial Risk Ratings applied by NHS Improvement.
- (k) Financial performance forecasts.
- (l) Cash flow forecasts
- (m) Financial aspects of the Board Assurance Framework.
- (n) Business cases classified as “major” or “high risk” and making recommendations to the Board

The Committee are to:-

- (a) Approve the investment and borrowing strategy and associated policies
- (b) Set financial performance benchmarks and monitor the performance of investments.
- (c) Review proposed revisions to the Capital Investment Policy for approval by the Board each year
- (d) Seek and consider evidence of organisational compliance with the Capital Investment Policy

**Quorum**

3 members of whom 1 must be a Non Executive Director

**Meeting Frequency**

Monthly

**Reporting Line**

Trust Board

**Sub-Committees**

Capital Control Group

**Submission/Availability of Minutes**

Minutes reported to the next available Board meeting