

Finance and Performance Committee

DRAFT Terms of Reference

1. Purpose

The purpose of the Committee is to lead on behalf of the Board of Directors the acquisition and scrutiny of assurances regarding:

- Financial and operational performance against national planning guidance
- Strategic matters in relation to procurement, estates, information technology and information management
- Five-Year Financial Strategy
- Clinical activity and key performance indicators.
- Oversight of the Trust's capital spend and priorities for capital investment.
- Commercial income of research and innovation activity.
- The environmental sustainability of projects and investments and their alignment to the Greener NHS plan.

The Committee is authorised to review and approve Business Cases up to its scheme of delegation limit, and to make recommendations to the Board on cases that exceed its approval limit.

2. Objective

The Committee will provide oversight and assurance against the Trust's commitment to ensure financial sustainability, and to provide the highest quality specialist and integrated care. It will do so through the duties as stated at section 7 of these Terms of Reference. The Committee will receive configured data, review progress, and advise on improvements in relation to the following of the Trust's goals:

- Deliver a sustainable surplus by becoming the most efficient teaching hospital.
- Deliver fit for purpose healthcare infrastructure.
- Be in the top quartile for holistic health performance.

Data sets provided to the Committee will be in a format which allows the Committee to be alerted to areas of variance or escalation and enable it to fulfil its function as an assurance Committee.

3. Authority

The Committee is constituted as a standing Committee of the Board of Directors.

The Committee is authorised by the Trust Board to investigate any activity within its Terms of Reference, with adherence to the Trust's scheme of delegation and standing financial instructions (SFIs). The Committee can request information, reports, and assurances from any employee in relation to those areas within these Terms of Reference and all employees are directed to cooperate with any request made by the Committee.

The Committee may invite any Director, Executive, external or internal auditor, or other persons to attend any meetings of the Committee if this is considered beneficial to assist the Committee in the attainment of its objectives.

In consultation with the Board of Directors, the Committee can access independent professional advice and secure the attendance of persons outside the Trust with relevant experience and expertise if it considers this necessary.

The Finance and Performance Committee is a standing Committee in that its responsibilities and purpose are not time limited. It will continue to meet in accordance with these Terms of Reference until the Trust Board determines otherwise.

4. Membership and Quoracy

The Committee Membership shall be disclosed in the Annual Report and shall be a minimum of three independent Non-Executive Directors of the Board. At least one of the members shall have recent and relevant financial experience. There shall be no deputies allowed in the absence of a member attending. In the event that the Committee chair is absent, one of the other independent Non-Executive Directors will preside as Chair.

The Director of Finance, Chief Operating Officer, Director of Estates & Facilities and Director of Corporate Affairs shall be in attendance at all meetings except in relation to reserved business. They may send deputies to represent them in their absence or invite specific colleagues to address the Committee where appropriate and agreed with the Committee Chair.

The following persons may be invited to attend at the discretion of the Committee, either for a particular item or for the whole meeting: Chief People Officer, Chief Digital and Information Officer, Deputy Chief Operating Officer, Associate Director of Finance.

A quorum shall be three members, comprising two Non-Executive Directors and one Executive Director. In exceptional circumstances, an Executive Director member may send an appropriate nominated deputy in their place, and this will count towards the quorum.

5. Attendance and Secretariat

Members should make every effort to attend all meetings of the Committee and will be required to provide an explanation to the Chair of the Committee if they fail to attend more than two meetings in a financial year. If a member fails to attend more than three meetings in a financial year, the Chair of the Committee will consider with the Chair of the Trust the appropriate action to be taken. The Committee Secretary will monitor attendance by members and report this to the Chair of the Committee annually.

Other Executive Directors and other Trust staff will be invited to attend for specific agenda items with the agreement of the Chair of the Committee.

The Director of Corporate Affairs will ensure that the Trust Secretariat Team provides a Secretary to the Committee and appropriate administrative support to the Chair and Committee members. This will include agreement of the agenda with the Chair and Executive leads, collation and circulation of papers, producing the minutes of the meetings, keeping a record of agreed actions and follow up, and advising the Chair and members of the Committee as appropriate.

6. Frequency of meetings

The Committee shall meet with such frequency and at such times as it may determine, and the Chair may convene additional meetings of the Committee if necessary to consider business that requires urgent attention.

It is expected that the Committee shall meet a minimum of 10 per year with normal practice of monthly meetings.

7. Duties of the Committee

The primary duties of the Committee will be (but not limited to):

Finance:

- To receive and scrutinise financial performance including financial position (Trust and ICS), risk range, capital, cash, CSU financial performance, contracting & commissioning, compliance with Better Payment Practice Code and Waste Reduction Plans.
- To oversee current and forward-looking financial and operational performance pressures including stabilisation, reset and recovery.
- To oversee progress against the Five-Year Financial Strategy and consider future financial and operational strategy including capital and liquidity management.
- To receive oversight and assurance against the Trust's Productivity position and scrutinise the assurance provided by management, seeking assurance of the application and effectiveness of improvement actions.
- To provide oversight to the capital programme, including the approach to prioritising capital funding and monitoring spend against allocation (with reference to the three internal funding streams for Digital, Building & Engineering, and Medical Scientific Equipment).
- The Committee is authorised to approve Business Cases up to the value of £5M as defined in the scheme of delegation in the Trust's Standing Orders. The Committee will assure itself that due diligence process has been followed and that the Business Case provides value for money and aligns with the Trust's wider strategic plans and values.
- The Committee will receive routine benefits realisation reviews of previous capital approvals with a view to provide assurance that the investment had achieved its purpose; particularly where this was in relation to performance and patient experience.
- To consider and advise the Board on the risks associated with any material financial transactions. In preparing such advice the Committee shall satisfy itself that a due diligence appraisal of the proposition is undertaken, focusing on the implications for financial and operational performance, and is within the risk appetite and tolerance of the Trust.
- To oversee the development and progress of the Procurement Strategy and ensure that best practice and procurement law is appropriately reflected.
- To consider the potential for commercial opportunities and review the benefits realisation of previous investments.

Performance

- To scrutinise the monthly operational performance against the Constitutional Standards and seek assurance on areas of variance.
- Escalate any areas of significant risk or non-compliance to the appropriate Committee and/or Board.
- To review the annual Planning Guidance Submission and seek assurance on the resources in place to deliver against the plan.

- To review the annual Winter Plan for the Trust and City, including the application of resources allocated for additional winter spend.
- The Committee will receive routine performance deep-dives against key performance metrics the subject of which will be defined in the Committee's forward plan however will explicitly include each of the Constitutional Standards and any areas of increased operational risk.

Other Assurance Functions

- To review the environmental sustainability of projects and investments and their alignment to the Greener NHS plan.
- To receive information on the commercial income and expenditure in relation to research and innovation activity.
- To review on behalf of the Audit Committee the findings of Internal and External Audit reports covering matters within the remit of the Finance and Performance Committee, seeking assurance that appropriate actions are identified and implemented in response to recommendations and that learning is shared across the organisation.
- To receive and review entries on the Board Assurance Framework (BAF) which are to be overseen by the Committee and ensure that they are appropriately reflected on the Committee's work programme to enable the Committee to gain assurance on the effectiveness of the controls in place and progress in addressing gaps in control and assurance.
- Consider the control and mitigation of financial and performance high-rated risks and provide assurance to the Board that such risks are being effectively controlled and managed.
- To seek assurance and act upon escalations arising from its sub-Committee structure.

8. Reporting and Assurance

The Committee will receive a regular report from the Director of Finance covering issues escalated from relevant the executive groups. The Committee will also receive regular exception reports from any sub-Committee it establishes, or regularly gains assurance from, which currently includes the:

- Capital Planning Group

The minutes of the Committee's meetings will be provided to the Trust Board alongside a written Committee Chair's Summary Report highlighting any areas of exception, providing a summary of key assurances, and drawing attention to any matters that require disclosure or escalation to the Board, specifically where there is a lack of assurance in any aspect of the financial strategy.

The Committee will provide an annual report to the Board of Directors on the effectiveness of its work and findings, including its review of relevant Board Assurance Framework entries and regulatory compliance. This will be based on an annual effectiveness review to be undertaken by the Committee (with the involvement of regular attendees and report authors) which will inform its forward work plan.

9. Links to other Board Committees

The Trust's Audit Committee will retain overall responsibility for monitoring, reviewing, and reporting to the Board of Directors on all aspects of governance, risk management and internal control. It will do so having regard to the assurance provided by the Finance and Performance Committee in undertaking its work programme.

Where there is a perceived overlap of responsibilities between the Quality Assurance Committee, People & Culture Committee, and Risk Management Committee usually in consultation with the Director of Finance and Director of Corporate Affairs, the respective Committee Chair shall have the discretion to agree the most appropriate Committee to fulfil any obligation.

10. Monitoring and Review

These Terms of Reference will be reviewed by the Committee and approved by the Board of Directors annually or as any significant amendments to the Committees primary duties arise.

The Committee will commit to undertaking an annual review of the effectiveness of the Committee to inform the Committee's annual report to the Board of Directors and the following year's work programme.

Version Control	Date of Board Approval	Comments
V1 Draft		New template and amendments to wording