Terms of Reference – Finance & Performance Committee

1 Constitution of the Committee

The Finance & Performance Committee is a non-statutory Committee established by the Trust Board of Directors to provide advice and assurance to the Board on the effectiveness of financial strategy and planning, on the operational performance of the Trust, and on commercial strategy, strategic investments and the development of Trust infrastructure.

2. Purpose and Function

The purpose and function of the Committee is to:

a) Gain assurance, on behalf of the Board of Directors:

- that the strategic financial principles, priorities, risk and performance parameters are aligned and support the Trust’s strategic objectives and its long-term sustainability;

- that the Trust’s degree of exposure to financial risk, and any potential to compromise the achievement of the strategic objectives is being effectively managed;

- that reporting on the financial performance of the Trust is being triangulated against agreed plans, progress and performance measures, reporting on progress to the Trust Board;

- that the Trust’s resources and assets are being used effectively and efficiently;

- that the robustness, credibility and quality of financial management and planning information is reviewed and triangulated by the Committee;

- that the Trust’s compliance with current statutory and external reporting standards and requirements, including NHS and Treasury policies and procedures;

- that the development, effective management, and delivery of the Trust’s capital programme is being carried out, and that this is fit for purpose;

- that the Trust meets the operational constitution standards as included in the Trust’s annual plan. Where trajectories are not being met, to ensure that clear plans are in place to recover the position.

b) Provide the Trust Board of Directors with advice and support on the development and delivery of the following strategies:

- capital strategy
- investment strategy
- estates strategy
- infrastructure strategy
- the commercial strategy for the Trust
- digital strategy, including digital, cyber and data security
3. **Authority**

3.1 The Committee is:

- a non-statutory Committee of the Trust Board of Directors, reporting directly to the Board of Directors, with no executive powers, other than those specifically delegated in these Terms of Reference;

- authorised by the Board of Directors to investigate any activity within its terms of reference, to seek any information it requires from any officer of the Trust, and to call any employee to be questioned at a meeting of the Committee as and when required;

- authorised by the Board of Directors to secure the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary for the exercise of its functions, including whatever professional advice it requires (as advised by the Trust Secretary);

- authorised to act on behalf of the Board in circumstances where urgent action is required to be taken, such action subsequently being reported at the next meeting of the Board of Directors, or earlier.

3.2 The Committee shall have the power, in exceptional circumstances, to establish task and finish groups for the purpose of addressing specific tasks or areas of responsibility. The Committee may not delegate powers to a task and finish group unless expressly authorised by the Board of Directors.

3.3 The terms of reference, including the reporting procedures of any task and finish group, must be approved by the Board of Directors and be reviewed on an annual basis.

3.4 Provision exists for a voting Non-Executive Director or an Executive Board Member to attend the Committee in place of another voting Board Member.

4. **Membership and Quorum**

**Membership**

4.1 Members of the Committee shall be appointed by the Board of Directors and shall be made up of at least six members drawn from Non-Executive Directors (three members minimum) and members of the Executive team (three members minimum).

4.2 One of the Non-Executive members will be appointed by the Trust Board Chair as the Chair of the Committee.

4.3 A further Non-Executive member of the Committee shall likewise be appointed as Vice-Chair.
4.4 The membership of the Committee shall include:

- the Chief Executive Officer
- the Deputy CEO
- a non-executive member of the Board of Directors
- a non-executive member of the Audit Committee
- the Chief Operating Officer
- the Director of Finance

4.5 Members have the right to attend Committee meetings. Other individuals may be invited to attend and assist the Committee from time to time, in relation to specific items of business. The Chair of the Board has the right to attend the Committee at any time.

4.6 In the absence of the Committee Chair, the Vice-Chair shall chair the meeting. Members are expected to attend all meetings 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.

4.7 The Director of Finance and Chief Operating Officer shall act as the executive co-leads for the Committee and shall attend all meetings.

4.8 The Council of Governors may nominate a Governor to attend each meeting of the Committee to observe proceedings. The observation of Board assurance committees by Governors shall be subject to conditions agreed by the Board of Directors. The Chair of the Committee may in exceptional circumstances exclude a Governor from being present for specific items.

4.9 The Trust Secretary, or their designated deputy, shall act as the Committee Secretary. The Trust Secretary, or a suitable alternative agreed in advance with the Chair of the Committee, shall attend all meetings of the Committee.

4.10 All members of the Committee shall receive training and development support before joining the committee and on a continuing basis to ensure their effectiveness as members, supported by a performance assessment process, as agreed by the Board of Directors.

4.11 An attendance record shall be held for each meeting and an annual register of attendance will be included in the annual report of the Committee to the Board.

Quorum

4.12 The quorum necessary for the transaction of business shall be four members as defined in 4.1 above, including the Chair or Vice-Chair and at least one other Non-Executive Director.

4.13 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions delegated to the Committee.
5. **Duties**

**Cycle of Business**

The Committee shall:

- set an annual set of objectives and an annual plan for its work to form part of the Board’s Annual Cycle of Business, informed by the Board Assurance Framework, and report to the Board on its progress;

- provide an Annual Report to the Board to inform and/or accompany the Trust’s Annual Report. This shall include an assessment of compliance with the Committee’s terms of reference and a review of the effectiveness of the Committee;

- the Committee Chair shall review the work and effectiveness of the Committee each year and provide the Board of Directors with a written report.

**Strategies and policies**

The Committee shall, on behalf of the Board:

- review the Trust’s financial strategy, planning assumptions, and related delivery plans and transformation programmes, and provide informed advice to the Board of Directors on their robustness, comprehensiveness and relevance to the Trust’s vision, values, strategic objectives and impact;

- review guidance for the development and delivery of the financial aspects of annual operational, service, and financial planning, including assumptions on revenue, budgets, capital, working and associated targets, and parameters on efficient and effective use of resources;

- review, and recommend to the Board of Directors, the Annual Financial Plan, including key financial performance indicators, following consultation and engagement with the People and Quality & Safety Committees;

- provide advice and support on significant financial and commercial policies prior to their recommendation for Board approval. This will include policies relating to costing, revenue, capital, working capital, treasury management, investments, and benefits realisation;

- seek assurance that financial policies and plans are aligned to the Trust’s agreed approach to the development of place-based, systems and regional working, and align with the Trust’s strategic approach to commissioners and stakeholders;

- identify learning and development needs arising from the work of the Committee for consideration by the People Committee;

- assess and make recommendations in respect of new areas of Trust business.

**Annual Financial Plan**

- review the Trust’s Annual Financial Plan for recommendation and approval by the Board;
• review progress and performance against the approved plan and any significant supporting plans and targets, and analyse the robustness of any corrective action required;

• assess reports regarding future cost pressures and key financial risk areas;

• review the Trust’s Balance Sheet, with a particular focus on debtors, creditors, and asset valuations;

• receive and review an overview of financial and service delivery agreements and key contractual arrangements entered into by the Trust.

Risk Assurance

• receive regular reports of the Corporate Risk Register, and triangulate the suitability and robustness of risk mitigation plans with regard to their potential impact on strategic risks relevant to the Committee’s purpose and function. The Committee will additionally and specifically review the most highly rated risks on the Risk Register and gain assurance around controls, mitigations, and the action planning process.

Performance and progress reporting

• monitor the effectiveness of the Trust’s financial and operational performance reporting systems, ensuring that the Board is assured of continued compliance through its annual reporting processes, reporting by exception where required to the Board;

• agree a succinct set of key performance and progress measures relating to the full assurance purpose and function of the Committee, including:
  
  o the Trust’s strategic financial priorities  
  o national performance and statutory targets  
  o consolidated financial performance summaries and related budgets  
  o statement of financial position  
  o working capital performance  
  o cash flow status  
  o progress on capital investment programme  
  o use of resources ratings  
  o risk mitigation

• triangulate progress against these measures and seek assurance around any performance issues identified, including proposed corrective actions;

• provide regular reports to the Board, including as part of the bi-monthly Integrated Performance Report, on assurance around key areas of Trust performance, risk, and corrective actions, both retrospectively and prospectively;

• agree a programme of benchmarking activities and reference points to inform the understanding and effectiveness of the Committee and its work, and enable triangulation for higher-reliability assurance;

• be assured of the credibility of sources of evidence and data used for planning and progress reporting to the Committee, and to the Board, in relation to the Committee’s purpose and function;
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- ensure the alignment and consistency of Board assurances, use of data and intelligence, by working closely with the Audit, Quality & Safety and People Committees;

- oversee the Board’s development programme and annual review thereof;

- review the following formal reports to the Board as part of the Annual Cycle of Business:
  - Annual Financial Report
  - Capital Investment Policy

**Capital, investments, acquisitions and disposals**

- review the Trust’s capital and investment policies against appropriate benchmarks prior to recommendation for Board approval;

- agree a consistent and robust methodology for the assessment of proposed capital expenditure, acquisitions, joint ventures, equity stakes, major property transactions, mergers, and formal or informal alliances with other Institutions;

- review project initiation documents for capital schemes over an agreed de minimis amount;

- review business cases and proposals with a likely value of £500,000 or more, and provide advice to the Board accordingly;

- approve new business cases on behalf of the Board up to a value of £500,000;

- assure the Trust Board, on a regular basis, of the effectiveness of, and compliance with, the capital and investment strategies and related policies, including the effective prioritisation of investment decisions, the robustness of processes and rigour of investment decision-making, and report on this as part of the Committee’s Annual Report to the Board;

- monitor the performance of investments, and commission and review reports on the benefits realisation of infrastructure and service improvement investments made;

- exercise delegated responsibility on behalf of the Board in accordance with the Standing Financial Instructions for proposals for acquisition and disposal of assets in accordance with Trust policy.

**Infrastructure, estates and digital**

- review the following policies and plans, in order to provide informed and authoritative advice to the Board:
  - estates
  - infrastructure
  - digital strategy, including digital, cyber, and data security

**Statutory compliance**

- ensure, on behalf of the Board, that current statutory and regulatory compliance and reporting requirements are met, including compliance with treasury policies and procedures and the appropriate safeguards for security of the Trust’s funds as an NHS Foundation Trust;
• ensure the proper reporting of actions deemed “high-risk” by regulators, or actions with an equity component, which entail a potentially significant risk to reputation or to the stability of the business of the Trust, or which create material contingent liabilities;

• ensure future legislative and regulatory and reporting requirements are identified and appropriate action taken;

• consider, and recommend for approval by the Board, any proposed changes to Trust Standing Financial Instructions.

6 Reporting and Accountability

6.1 The Committee Chair shall report formally to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities, summarising areas where action or improvement is needed.

6.2 The terms of reference shall be reviewed by the Committee and approved by the Board of Directors on an annual basis.

7 Committee Administration

7.1 The Committee shall meet a minimum of four times a year and at such other times as the Chair of the Committee, in consultation with the Committee Secretary, shall require, allowing the Committee to discharge all of its responsibilities.

7.2 The Chairman may at any time convene additional meetings of the Committee to consider business that requires urgent attention.

7.3 The agenda will be set in advance by the Chair, with the Trust Secretary and executive lead, reflecting an integrated cycle of meetings and business, which is agreed each year for the Board and its Committees, to ensure it fulfils its duties and responsibilities in an open and transparent manner.

7.4 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be made available to each member of the Committee, no less than five working days before the date of the meeting in electronic form. Supporting papers shall normally be made available no later than three working days before the date of the meeting.

7.5 Committee papers shall include an outline of their purpose and key points in line with the Trust’s Committee protocol, and make clear what actions are expected of the Committee.

7.6 The Chair shall establish, at the beginning of each meeting, the existence of any conflicts of interest and ensure that these are recorded in the minutes accordingly.

7.7 The Committee secretary shall minute the proceedings of all Committee meetings, including recording the names of those present, in attendance and absent. Draft minutes of Committee meetings shall be made available promptly to all members of the Committee, normally within five working days of the meeting.

Approved by the Board: 27 March 2019