Finance Committee Terms of Reference

Agenda Item 16.2
Reference: 10B.041B

NHS Direct

Board Meeting: 22 March 2010

Summary	These terms of reference set up a finance committee which would replace the existing Investment Committee and have a wider remit. The Committee does not replace or reduce the requirement for Board to monitor and receive reports on finance; nor does it make any changes to the terms of reference of Audit Committee. It's main purpose is to provide additional assurance to the organisation. The focus of the committee is to be: - Financial planning - Financial performance, to ensure The Board receives best practice financial management and reporting. - Financial reporting - Promote the financial awareness of all staff especially management and budget holders - Business case assessment and scrutiny (including post project review and monitoring) - Commercial approach to contract pricing, delivery and performance including assessment of financial results through Service Line Reporting - Investment and disinvestment, tracking progress against and supporting the delivery of efficiency and cost reduction programmes Once finalised the Terms of Reference will be incorporated into the Trust's template and into the Corporate Governance Manual
Issues to be considered	The Board is asked to consider whether the proposed terms of reference are appropriate.
Action required	The Board is asked to approve these terms of reference and with them the formation of a Finance Committee and dissolution of the existing Investment Committee
Accountable Executive Director	Trevor Smith, Director of Finance
Author of Paper	James Bufford, Interim Associate Director Governance
Date prepared	11 March 2010

FINANCE COMMITTEE TERMS OF REFERENCE

1. AUTHORITY:

The Board of Directors hereby resolves to establish a Finance Committee of the Trust under section 4.1 of the Corporate Governance Manual.

The Finance Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

2. PURPOSE:

The purpose of the Finance Committee is to provide additional assurance to the Board and not to replace or remove the requirement for the Board to monitor financial performance. Specific areas that the Finance Committee covers are:

- Financial planning
- Financial performance, to ensure The Board receives best practice financial management and reporting.
- Financial reporting
- Promote the financial awareness of all staff especially management and budget holders
- Business case assessment and scrutiny (including post project review and monitoring)
- Commercial approach to contract pricing, delivery and performance including assessment of financial results through Service Line Reporting
- Investment and disinvestment, tracking progress against and supporting the delivery of efficiency and cost reduction programmes
-

The Finance Committee may consider other matters remitted to it by the Board.

3. MEMBERSHIP, ATTENDANCE AND QUORUM

<u>Membership</u>

The Membership of the Finance Committee shall be as follows:

Three Non Executive Directors one of which will chair the Committee.
The Chief Executive, Finance and Commercial Directors will also be members of the Committee. The Finance Director will also act as the executive lead.
Other individuals may be invited to attend for all or part of any meeting, as and when appropriate.
The Board shall appoint the Committee Chair.
The Head of Governance (or their representative) shall be the Secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support to the Chair and Committee members.

Other Non-Executive Directors of the Trust, including associate Non-Executive Directors may substitute for members of the Finance Committee in their absence. The Chair is an ex-officio member of the Committee.

Quorum

A quorum of the Committee shall be at least two Non-Executive Directors and one Executive Director.

4. ACCOUNTABILITY

The Finance Committee is a sub-committee of the Board of Directors of the Trust and accountable to them.

A minute of each meeting will be taken and approved by the subsequent meeting. Once approved by the Finance Committee it will be submitted to the Board of Directors for ratification.

The Chair of the Committee shall make a report to the Board immediately following each Committee meeting, drawing Board's attention to any issues that require disclosure to the full Board.

The Committee will also make an annual report to the Board.

5. MEETINGS AND CONDUCT OF BUSINESS

Frequency

The Committee will meet at least four times a year

Calling of additional meetings

An additional meeting may be called by the Chair of the Committee or any two of the other Members of the Committee.

Agenda

The following standing items will appear on each agenda:

- Attendance and apologies for absence
- Declarations of interest of Members of the Committee and other Directors present
- Minutes of the previous meeting and matters arising

6. DUTIES OF THE FINANCE COMMITTEE

Investment

- Consider and recommend to the Board the annual capital programme.
- recommend any capital expenditure over £1m over the life of a scheme to the Board for approval;
- Monitor delivery of the Trust's annual capital programme
- Monitor progress against major capital schemes;
- Undertake scrutiny of business cases including proposals of a capital or revenue nature, amounting to, or likely to amount to over £1m over the life of the proposal and recommend these cases to the Board for approval;
- The Committee shall routinely receive a report for information and monitoring purposes on all business cases agreed under £1m
- To assist the Committee in taking investment decisions it will receive quarterly finance reports

Finance

- To review financial plans and strategies and ensure they are consistent with the overall Trust Strategic Planning process.
- To receive budget setting timeframes and processes, and recommend budgets to the Board of Directors.
- To receive reports on financial performance and forecasts including Service Line Reporting, cost improvement initiatives, cashflow and treasury management

Commercial

- To assess the Trust's pricing policy for enhanced, non-core and core service activities and the associated financial performance against contracts through Service Line Reporting.

8. OTHER MATTERS:

The Committee shall be supported administratively by the Head of Governance, whose duties in this respect will include:

Agreement of agenda with Chair and attendees and collation of papers
Taking the minutes & keeping a record of matters arising issues to be carried forward
Advising the Committee on pertinent areas

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

Version control

Version	Date	Author	Comments	Status
0.1	13 Nov. 2009	James Bufford	First draft	Draft
0.2	20 January 2010	James Bufford	Amended after discussion with Joanne and Trevor Jones	Sent to Investment Committee
0.3	19 February 2010	James Bufford	Amended in light of comments from Trevor Jones, Tim Walton and Peter Catchpole	
0.4	23 February 2010	James Bufford	Taking account of issues raised in Investment Committee meeting	
0.5	10 March 2010	James Bufford	Amendments from Tim Walton and Trevor Smith incorporated	Final version to Board