

FINANCE, PERFORMANCE AND DIGITAL COMMITTEE

TERMS OF REFERENCE

Version:	0.2
Approved by:	Board of Directors
Date approved:	**
Date issued:	**
Review date:	November 2019

FINANCE, PERFORMANCE AND DIGITAL COMMITTEE TERMS OF REFERENCE

1. Constitution

- 1.1. The Trust Board hereby resolves to establish a Committee to be known as the Finance, Performance and Digital Committee ('the Committee').
- 1.2. The Committee will adhere to, and be cognisant of the Trust values at all times.

2. Authority

- 2.1. The Committee is constituted as a Standing Committee of the Trust Board ('Board'). Its constitution and terms of reference are subject to amendment by the Trust Board.
- 2.2. The Committee derives its power from the Trust Board and has no executive powers, other than those specifically delegated in these terms of reference.

3. Purpose

- 3.1. The Finance, Performance and Digital Committee ('Committee') of the Board has been established by the Board of Directors for the purpose of:
 - (i) Overseeing, co-ordinating, reviewing and assessing the financial, performance and digital management arrangements; including monitoring the delivery of the 10 Year Plan and supporting Annual Plan decisions on investment and business cases.
 - (ii) Providing the Board with an independent and objective review of, and assurances, in relation to significant financial, performance and digital risks which may impact on the financial viability and sustainability of the Trust.
 - (iii) Providing detailed scrutiny of financial, performance and digital matters in order to provide assurance and raise concerns (if appropriate) to the Board of Directors.
 - (iv) Assessing and identifying risks within the finance, performance and digital portfolio and escalating this as appropriate.
 - (v) Making recommendations, as appropriate, on financial, performance and digital matters to the Board of Directors.
 - (vi) Determining those matters delegated to the committee in accordance with the Scheme of Delegation and Standing Financial Instructions as set out in the Trust's Standing Orders.
- 3.2. The objectives of the committee are:
 - (i) To advise the Board of Directors on all aspects of key performance, financial and investment issues to enable sound decision-making.
 - (ii) To provide assurance in respect of financial, performance and digital related matters along with business planning.

- (iii) To ensure corrective action has been initiated and managed where gaps are identified in relation to risks.

4. Powers

- 4.1 The committee is authorised by the Board of Directors to investigate any activity within its terms of reference.
- 4.2 The Committee is accountable to the Board of Directors and any changes to these terms of reference must be approved by the Board of Directors.
- 4.3 The Committee is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.
- 4.4 The Committee is authorised by the Trust Board to request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary.
- 4.5 The Committee is authorised by the Board of Directors to obtain outside legal or other specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.
- 4.6 The Committee has been given delegated authority by the Board of Directors to approve all reports required by the various external benchmarking initiatives, including but not limited to GIRFT; Model Hospital; PLICS etc.
- 4.7 The Committee has been given delegated authority to oversee some financial arrangements relating to the Trust's wholly owned subsidiary – AGH Solutions Limited on behalf of the Board.

5. Duties and responsibilities

- 5.1 The Committee is empowered to seek assurance, raise concerns and make recommendations to the Board of Directors pertaining to the committee's role and duties. The Committee will also make recommendations on investment.
- 5.2 The duties and responsibilities shall be:

5.21 Finance and Financial Performance

- (i) Undertake detailed scrutiny of financial and performance information, including performance against the cost improvement programme and the capital investment programme and cashflow, through detailed review of the Board Finance and Performance Report.
- (ii) Review delivery against the Trust's control total including forward projections and the delivery of any recovery plan.
- (iii) Provide oversight of delivery of major capital projects as and when instructed by the Board.
- (iv) Review and approve all Plans required by the various external benchmarking initiatives eg GIRFT, Model Hospital, PLICS, including an annual report on their implementation (or more frequently if required).
- (v) Review the Trust Governance Statements as required prior to submission to NHSI.
- (vi) Support the development of the Trust's operational plan, with clear assumptions on allocations, activity and investment.

- (vii) Ensure appropriate capacity and capability is available to support decision making within the Trust, and the effective delivery of the Trust's Recovery Plan.
- (viii) Ensure that financial performance against the identified performance measures is adequately reflected in the risk register and related action plans.
- (ix) Review the activities undertaken at the reporting groups, including in relation to the Cash Committee, any borrowing arrangements and the Trust Treasury Management Policy.
- (x) Review the activities undertaken by Procurement and the contributions made along with performance against key national metrics

5.22 **Performance Delivery and Assurance**

- (i) Provide assurance that the performance reporting systems of the organisation are robust through detailed review of the regulatory performance and other KPIs as they relate to resource utilisation and income through Integrated Board Report on a monthly basis.
- (ii) Keep the content of the Trust's Integrated Board Report under review, ensuring that it includes appropriate performance metrics and detail of exceptions to provide assurance to the Board on all aspects of organisational performance against its Strategic Objectives.
- (iii) Seek assurance from the executive that any appropriate management action has been taken to return the trust performance to plan and that any such actions or recovery plans are in place are adequately resourced, implemented and monitored.
- (iv) Provide assurance to the Board that the performance of Clinical Divisions and corporate teams are in line with agreed annual plans and receive escalation where recovery plans do not resolve any adverse variance
- (v) Review all significant operational risks as they pertain to financial and regulatory standards on the high level risk register and the Board Assurance Framework.

5.23 **Business and Commercial Development**

- (i) Ensure compliance with Monitor's Risk Evaluation for Investment Decisions (REID) guidance and Treasury Management guidance.
- (ii) Approve and set control limit for capital
- (iii) Review the Trust's Annual Business Plan, 10 Year Plan, 5 Year Capital Plan and Financial Model and recommend to the Board for approval.
- (iv) Prioritise capital programme under discrete headings (based on high level business case proposals from divisions):
 - a. Equipment replacement
 - b. Unavoidable major schemes
 - c. IM&T
 - d. Significant strategic importance
 - e. Estates (maintenance/ upgrades)
 - f. Aspirational
- (v) Understand and agree revenue consequences of schemes and monitor cash flow implications.
- (vi) Review the establishment of joint ventures or other commercial partnerships/relationships including the incorporation of start-up companies. Make recommendations to the Trust Board in relation to any due diligence, warranties, assignments, investment agreements, etc. related to joint ventures, commercial partnerships or incorporation of start-up companies.
- (vii) Agree investment / dis-investment in services (with full understanding of financial and service implications of these decisions e.g. overheads).
- (viii) Review performance of business development and commercial developments.

5.24 **Digital Strategy and Performance**

- (i) Maintain oversight of the development of the Digital Strategy, providing challenge prior to Board approval.
- (ii) Receive updates on implementation of the Digital Strategy, ensuring capital requirements remain within budget.
- (iii) Receive reports on the ongoing stability of IT systems.

5.25 **Governance**

- (i) Oversee any procedural, policy or strategy documents which fall within the remit of the Committee are appropriately written, ratified and monitored for compliance in accordance with the Policy for Development and Management of Procedural Documents (Policy for Policies) and any key national standards and best practice.
- (ii) Ensure that any matters requiring the attention of the Audit and Risk Committee are presented at the earliest opportunity.
- (iii) Ensure that any matters requiring Board attention or scrutiny are presented at the earliest opportunity.
- (iv) Ensure that any matters referred to it by the Board or Audit and Risk Committee are actioned in accordance with those instructions.
- (v) Receive the minutes of the reporting groups and approve any changes to its terms of reference (except A&E Delivery Board).

6. Membership and Attendance

6.1 Core membership shall be made up of the following:

- 3 Non-Executive Directors (one of whom shall be the Chair of the Audit Committee)
- Director of Finance
- Chief Operating Officer
- Associate Director of Strategy, Planning, and Partnerships

6.2 All other members of the Board of Directors shall be entitled to attend and receive papers to be considered by the Committee.

6.3 The Group Company Secretary and Associate Director of Corporate Affairs, Deputy Director of Finance, Head of IT, Senior Transformation Lead, Digital Care and Head of Planning and Performance will be expected to attend each meeting and may act as deputies in the absence of the Director of Finance. Others may be invited to attend all or part of any meeting depending upon issues under discussion.

6.4 Members may be represented by a nominated deputy at a specific meeting.

6.5 Attendance is required by members at 75% of meetings. Members unable to attend should indicate in writing to the Committee Secretary, at least 7 days in advance of the meeting. In normal circumstances, any members (except NEDs) who are unable to attend must nominate a deputy who is appropriately briefed to participate in the meeting.

6.6 A register of attendance will be maintained and the Chair of the Committee will follow up any issues related to the unexplained non-attendance of members. Should continuing non-attendance of a member jeopardies the functioning of the Committee, the Chair will discuss the matter with the member and, if necessary, seek a substitute or replacement.

7. Chair

- 7.1 A member of the Audit and Risk Committee shall act as Committee Chair. In their absence, one of the other Non-Executive Directors present shall be nominated and appointed as acting Chair for the meeting.
- 7.2 The Chair will liaise with the Committee Secretary to ensure the agenda, reports/documents and minutes are circulated to the committee members at least five days prior to the date of the meeting.

8. Meeting Administration

- 8.1 The Committee shall be supported by the Group Company Secretary and Associate Director of Corporate Affairs, or their nominee, whose duties in this respect will include:
- (i) In consultation with the Chair develop and maintain the reporting schedule to the Committee.
 - (ii) Collation of papers and drafting of the agenda for agreement by the Chair of the Committee.
 - (iii) Taking the minutes and keeping a record of matters arising and issue to be carried forward.
 - (iv) Advising the Committee on scheduled agenda items.
 - (v) Agreeing the action schedule with the Chair and ensuring circulation within 48 hours of each meeting.
 - (vi) Maintaining a record of attendance.

9. Quorum

- 9.1 The quorum necessary for the transaction of business shall be 3 members, of which two Non-Executive Directors and the Director of Finance must be present.
- 9.2 A duly convened meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.
- 9.3 Deputies shall count towards the quorum.

10. Frequency of Meetings

- 10.1 The Committee shall normally meet monthly or more frequently if required.

11. Meetings

- 11.1 Items for the agenda must be sent to the Committee Secretary a minimum of 7 days prior to the meeting: urgent items may be raised under any other business.
- 11.2 The agenda will be sent out to the Committee members at least 5 days prior to the meeting date, together with the updated action schedule and other associated papers.
- 11.3 Meetings, other than those regularly scheduled as above, shall be summoned by the Committee Secretary at the request of the Chair.

12. Reporting

- 12.1 The Committee Secretary will produce and maintain a standard agenda; any additional agenda items must be sent to the Committee Secretary no later than 7 days prior to the meeting - urgent items may be raised under any other business.
- 12.2 Formal minutes shall be taken of all committee meetings. Once approved by the committee, the minutes will go to the next Trust Board of Directors meeting.
- 12.3 A summary report will be presented to the next Trust Board meeting.
- 12.4 The Chair of the Committee shall, at any time, draw to the attention of the Trust Board any particular issue which requires their attention.
- 12.5 The minutes of the A&E Delivery Board, Cancer Board, Digital Futures Group, Capital Management Group, and Cash Committee will be received by the Committee along with reports as agreed.

13. Conduct of Meetings

- 13.1 Except as outlined above, meetings shall be conducted in accordance with the provisions of the Trust's Standing Orders.

14. Review

- 14.1 As part of the Trust's annual committee effectiveness review process, the Committee shall review its collective performance.
- 14.2 The Committee's Terms of Reference shall be reviewed on an annual basis and approved by the Board of Directors.

15. Monitoring Effectiveness

- 15.1 In order that the Committee can be assured that it is operating at maximum effectiveness in discharging its responsibilities as set out in these terms of reference and, if necessary, to recommend any changes to the Board, the Chair will, once a year, lead an effectiveness review of the Committee. The following will be undertaken and reported to the next meeting of the Committee:

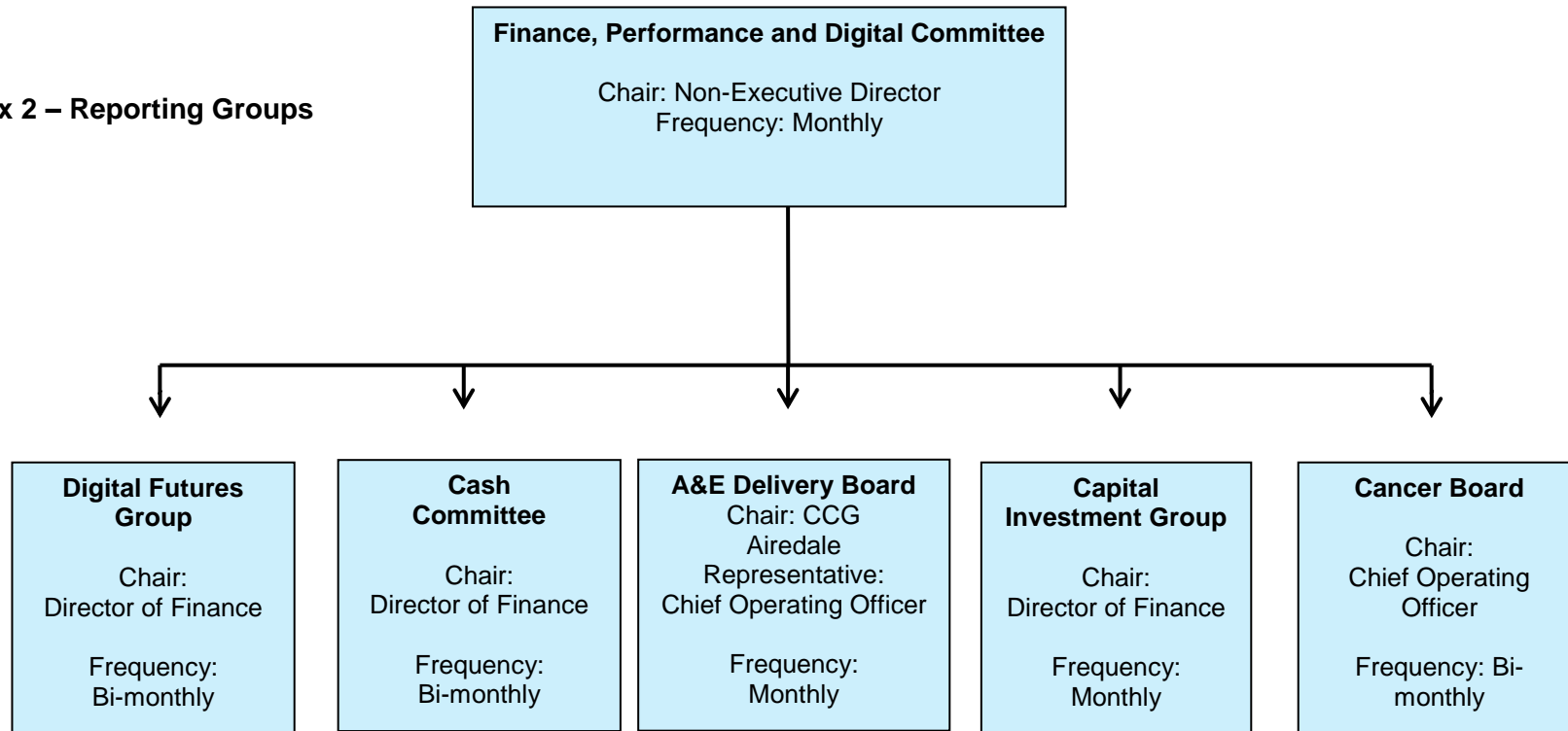
- The objectives set out in section 3 were fulfilled;
- Members attendance was achieved 75% of the time;
- Agenda and associated papers were distributed 5 days prior to the meetings;

Appendix 1

Members and required attendees of the Committee

Members (title)	Required at
Non-Executive Director (<i>Chair</i>)	All meetings
Non-Executive Director	All meetings
Non-Executive Director	All meetings
Director of Finance	All meetings
Chief Operating Officer	All meetings
Associate Director of Strategy, Planning and Performance	All meetings
Attendees (title)	Required at
Deputy Director of Finance	All meetings
Head of IT	All meetings
Head of Transformation for IHR and Digital Care	All meetings
Head of Planning and Performance	All meetings
Group Company Secretary and Associate Director of Corporate Affairs	All meetings
(For minutes) Group Company Secretary and Associate Director of Corporate Affairs (or their nominee)	All meetings

Appendix 2 – Reporting Groups



Appendix 3 Scheme of Delegation applicable to Business Cases (extract from standing orders)

REVENUE (annual or average)			
Delegated Matter	Responsibility of	Can be delegated to	
Up to £300k	Executive Directors Group	Chief Executive Director of Finance	Note: all consultant appointment business cases will require agreement by Clinical Executive Group
£300k to £1m	Finance Committee		
Over £1m	Board of Directors	Finance Committee	
CAPITAL (annual or average)			
Delegated Matter	Responsibility of	Can be delegated to	
Up to £75k	Executive Directors Group <i>(requires confirmation of available funds from Capital Investment Group)</i>	Chief Executive Director of Finance	
£75k to £300k	Capital Investment Group		
£300k to £1m	Finance Committee		
Over £1m	Board of Directors	Finance Committee	

Appendix 4 – Work plan