

## BOARD OF DIRECTORS MEETING (Open)

Date: 11 July 2018

Item Ref: 19iii(b)

<b>TITLE OF PAPER</b>	<b>Revised Terms of Reference Finance, Information &amp; Performance Committee</b>
<b>TO BE PRESENTED BY</b>	<b>Richard Mills, Chair – FIPC &amp; Non-Executive Director</b>
<b>ACTION REQUIRED</b>	<b>Ratify</b>

<b>OUTCOME</b>	For the Board to ratify the amended terms of reference for the Finance, Information & Performance Committee (formerly Finance & Investment Committee).
<b>TIMETABLE FOR DECISION</b>	July 2018 Board of Directors' Meeting
<b>LINKS TO OTHER KEY REPORTS / DECISIONS</b>	See below
<b>STRATEGIC AIM STRATEGIC OBJECTIVE</b>	Strategic Aim: 4 Value for Money Strategic Objective: 4.1 We will improve the productivity and efficiency of our services.
<b>BAF RISK NUMBER &amp; DESCRIPTION</b>	BAF Risk Number: 401ii BAF Risk Description: Trust governance systems are not sufficiently embedded.
<b>LINKS TO NHS CONSTITUTION &amp; OTHER RELEVANT FRAMEWORKS, RISK, OUTCOMES ETC</b>	<a href="#">Provider Licence</a> <a href="#">Annual Governance Statement</a> <a href="#">NHS Foundation Trust Code of Governance</a>
<b>IMPLICATIONS FOR SERVICE DELIVERY &amp; FINANCIAL IMPACT</b>	None
<b>CONSIDERATION OF LEGAL ISSUES</b>	None

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<b>Author of Report</b>	Mr. R. Mills & Mr. P. Easthope
<b>Designation</b>	Chair – FIPC (NED) / Executive Director of Finance
<b>Date of Report</b>	July 2018

## SUMMARY REPORT

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**Report to:** BOARD OF DIRECTORS

**Date:** 11 July 2018

**Subject:** Revised Terms of Reference  
Finance, Information & Performance Committee (formerly Finance & Investment Committee)

**Author:** Mr. R. Mills/Mr. P. Easthope

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### 1. Purpose

<i>For Approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (please state below)</i>
X					

### 2. Summary

Following discussion regarding potential gaps in information governance oversight at committee level, the Finance & Investment Committee terms of reference have been revised to aim to resolve that gap.

The revised terms of reference were considered at agreed at the committee's meeting held in April 2018 and are attached (tracked changes) for ratification by the Board of Directors.

### 3 Next Steps

- Board of Directors to ratify.
- Finance, Information & Performance Committee to review agenda planner to ensure inclusion of areas to ensure identified need is met.

### 4 Required Actions

Ratify the revised terms of reference.

## **5 Monitoring Arrangements**

Through the Finance, Information & Performance Committee.

## **6 Contact Details**

Mr. R. Mills, Chair - FIPC (Non-Executive Director)

Mr. P. Easthope, Executive Director of Finance

**SUMMARY REPORT**

**Report to:** Finance & Investment Committee

**Date:** 30<sup>th</sup> April 2018

**Subject:** Revised Terms of Reference – Finance & Investment Committee

**Author:** Phillip Easthope, Executive Director of Finance

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**1. Purpose**

<i>For approval</i>	<i>For a collective decision</i>	<i>To report progress</i>	<i>To seek input from</i>	<i>For information</i>	<i>Other (Please state below)</i>
<b>X</b>					

**2. Summary**

Further to recent conversations regarding potential gaps in information governance oversight at committee level, the Finance & Investment Committee terms of reference have been revised to aim to resolve that gap.

The purpose of the key operational committee in respect of information governance, namely the Data & Information Governance Board, has been used to inform the purpose and responsibilities within the revised terms of reference for the Finance, Information & Performance Committee.

Additionally, the revision includes the oversight of the performance framework for the Trust. However, this does not include the replacement of the other Board Committee roles in monitoring performance, but ensuring a relevant framework is in place and overseen to ensure it is fit for purpose. The role is purely limited to the oversight of the development and maintenance of a performance framework, not its management.

It is also proposed that the name of the committee is changed to the Finance, Information & Performance Committee.

**3. Next Steps**

Recommendation to Board.

**4. Required Actions**

Amend and approve the revised terms of reference.

**5. Monitoring Arrangements**

Via Finance, Information & Performance Committee.

**6. Contact Details**

Phillip Easthope  
Executive Director of Finance

## Terms of Reference

<b>Name of Committee/Group</b>	<b>Finance, <del>Information and Performance- Committee</del> and <del>Investment Committee (FIC)</del></b>
<b>Type of Committee/Group i.e. Committee of Board, Group reporting to EDG, Time limited working group</b>	Committee of the Board of Directors

<b>1. Purpose of Committee/Group</b>	<p>The <del>Finance, Information and Performance Committee and Finance and Investment</del> (“the Committee”) has been established to provide assurance to the Board of Directors in consultation with the other Board Committees that adequate and appropriate governance structures, processes and controls are in place throughout the Trust to:</p> <ul style="list-style-type: none"> <li>• Over-arching review of financial risk</li> <li>• Overview of the Trust’s financial processes and monitoring returns to NHS Improvement, ensuring finances are managed within the allocated resources to deliver an efficient and effective service.</li> <li>• Oversee the Estates Strategy</li> </ul> <p>The Committee shall provide assurance to the Board of Directors on the financial control of the Trust.</p> <p><u><del>To oversee the Trust’s accountabilities in regard to data and information, establishing and regularly reviewing policy, procedures, practice and processes are effective, providing assurance to the Board of Directors.</del></u></p> <p><u><del>To assure:</del></u></p> <ul style="list-style-type: none"> <li>• <u><del>the quality and security of our data and information assets;</del></u></li> <li>• <u><del>the Trust’s compliance with its regulatory and statutory duties pertaining to data and information;</del></u></li> <li>• <u><del>the effective governance of data and information within the Trust.</del></u></li> </ul> <p><u><del>Establish and maintain a performance framework that enables the Trust to proactively manage its, Quality, Financial and Workforce performance agenda including oversight through committees.</del></u></p>
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	<p>The Committee shall provide assurance to the Board of Directors on the probity of the Trust and support the other Board Committees in the achievement of clinical effectiveness and safe outcome for service users, maintaining positive service users and carer experience and equality and inclusion.</p>
<p><b>2.</b></p>	<p><b>Scope</b></p> <p>The Committee will:</p> <ul style="list-style-type: none"> <li>• review and monitor the systems and processes for the financial activity within the organisation ensuring that decisions are in line with the Trust's overall strategic direction and its financial frameworks, including the Financial Strategy, Treasury Management Policy, Procurement Strategy and the Estates Strategy.</li> <li>• <u>Review and monitor the systems and processes of information governance within the organisation ensuring decisions are in line with the Trust's overall strategic direction, regulatory frameworks and legislation, including the Digital transformation Strategy.</u></li> </ul> <p>In delivering this purpose the remit will be to formulate an annual programme of work to ensure progress and delivery of the following.</p>
<p><b>3.</b></p>	<p><b>Authority/Accountability</b></p> <p>The Committee is constituted as a standing committee of the Board of Directors.</p> <p>The Committee is authorised to establish and delegate powers to sub-committee(s) and work groups. The Committee will oversee the work of those sub-committee(s) and work groups.</p> <p>The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It 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.</p> <p>The Committee is authorised by the Board of Directors to obtain outside independent professional advice. The Committee is authorised to request the attendance at a committee of individuals or authorities from outside the Foundation Trust with relevant experience and expertise if it considers this necessary or expedient to the carrying out of its functions. The Committee will advise the Board of Directors of any investigation being undertaken that instructs professional advisors and update the Board of Directors on progress.</p>
<p><b>4.</b></p>	<p><b>Objectives of Committee/Group</b></p> <p><b>Financial Management and Performance</b></p> <p>The Committee will:</p> <p>(i) establish and maintain a detailed knowledge of the Trust's overall strategic objectives</p>

- (ii) establish and maintain an overview of the Trust's financial risks and ensure the effectiveness and implementation of the controls for financial risks. Provide assurance to the Board of Directors that the controls are in place for any financial risks identified
- (iii) provide assurance to the Board on the Trust's financial resilience and sustainability through overview of the Trust's annual business priorities and the associated financial plans through the receipt of the Annual Plan,
- (iv) supervise the annual budget setting processes and financial information contained in the Annual Plan and provide assurance to the Board of Directors on the process
- (v) monitor the Trust's activities in relation to the submission of offers for existing/new business opportunities in line with the agreed growth strategy. Provide a regular updates to the Board of Directors on the business opportunities being presented to the Committee
- (vi) monitor and provide assurance to the Board of Directors on the Trust's affordability, profitability and return on investment of its core business and service developments
- (vii) review the most recent monthly finance report prepared for the Board of Directors to enable an informed and focussed discussion at the Board meeting, making recommendations and priorities for discussion
- (viii) review in detail any major performance variation, in order to obtain assurance on behalf of the Board as to the effectiveness of corrective actions and associated governance arrangements.
- (ix) oversee the on-going development of the finance report, to seek assurance that the measures incorporated meet the requirements of external stakeholders and provide assurance to the Board that the Trust's Financial Strategy is being delivered
- (x) monitor and provide assurance to the Board of Directors on the Cost Improvement/Cash Releasing Efficiency Savings Programme(s) as well as any agreed Disinvestment Programmes
- (xi) review the activity reports in respect of under/over performance against contracted targets. Escalate to the Board of Directors any significant variations to contracts.
- (xii) review on a regular basis, the Trust's position in respect of contracts and any impact on overall Trust performance and financial stability
- (xiii) review the Losses and Special Payments Schedule to ensure the effectiveness and implementation of the controls for financial risks set out in the Losses and Special Payments Policy
- (xiv) scrutinise details of movement in aged reports, specifically in relation to Losses category 3c (bad debts and claims abandoned) for assurance re the validity of information contained in financial reports
- (xv) review, monitor and provide assurance to the Board of Directors on the returns to NHS Improvement (as determined by their reporting processes)
- (xvi) review the Trust Reference Cost submission and provide assurance to the Board of Directors that the Committee is satisfied with the Trust's costing processes and systems, and that the Trust will submit its reference cost return in accordance with the guidance
- (xvii) review Reference Cost Index (measure of relative efficiency) on publication and provide assurance to the Board of Directors on the value for money of services provided
- (xviii) consider the risks delegated to it via the Board Assurance Framework and/or Corporate Risk Register. The Committee should determine if the appropriate level of risk has been identified, review the effectiveness of the controls in place

- relevant to the risks, review and challenge the strength of the assurances provided, identify any gaps in control or assurance and ensure that the risk lead identifies appropriate actions to address such gaps. The Committee should provide assurance to the Board of Directors on the risks delegated to the Committee and highlight any key areas of concern identified by the Committee.
- (xix) act as the forum for financial risk to be discussed, and ensure that where serious concerns are raised, action is taken, and that action plans are carried through to completion, and the reporting loops closed. In doing so, ensuring that there are robust links across directorates to ensure a culture risk management is present throughout the organisation.

### **Capital Management**

The Committee will:

- (i) review on behalf of the Board of Directors the strategic five year capital programme and the annual capital budgets and recommend to the Board of Directors approval of the documents as appropriate
- (ii) review capital business cases identified within the annual capital budget to ensure that each business case is within the resources approved by the Board and that the business cases comply with the business case standards set by the Trust and outside regulators
- (iii) approve capital business cases in accordance with the Trust's Detailed Scheme of Delegation (DSoD)
- (iv) provide assurance to the Board of Directors on the functioning of the capital programme and associated business cases.

### **Treasury Management**

The Committee will:

- (i) manage and review investment decisions in accordance with the Trust's Treasury Management Policy and Trust Objectives, and ensure safe harbouring of "cash", following the agreed controls and ensuring all investment is risk averse
- (ii) review the Trust's Treasury Management Policy and make recommendations to the Board of Directors for approval
- (iii) review Trust finance applications including loan applications
- (iv) provide assurance to the Board of Directors on all Treasury Management issues.

### **Investment Appraisal**

The Committee will:

- (i) review and approve the Trust Growth Strategy
- (ii) review and approve revenue business cases in accordance with limits in the Trust's DSoD and to make recommendations to the Board on those cases outside of its authority
- (iii) review the benefits realisation of business cases and post implementation reviews of business cases it approves to ensure that the standard of business case preparation is consistently high
- (iv) review and monitor the Trust's Business and Financial Performance by receiving high level monthly reports from the outputs of the Business Planning Group (BPG)
- (v) provide assurance to the Board of Directors on all investment appraisal activity

## Investment Appraisal

The Committee will:

- (i) review and approve the Digital Transformation Strategy
- (ii) ensure that an appropriate and comprehensive information governance framework is in place and being developed throughout the Trust in line with national standards
- (iii) Review the annual Information Governance Toolkit assessment and its submissions
- (iv) ensure that the Trust's approach to information handling is reflective of national standards
- (v) monitor reviews/audits relating to information governance and adherence/development to relevant standards;
- (vi) review and discuss lessons learnt from information governance incidents to ensure the risk of future incidents is mitigated.
- (vii) Review the annual report from the Senior Information Risk Owner (SIRO)

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## **Other**

The Committee will:

- (i) Review the performance framework that enables the Trust to proactively manage its, Quality, Financial and Workforce performance agenda, increasing triangulation to inform decision making
- ~~(i)~~(ii) review, approve and provide assurance to the Board of Directors on the Trust Procurement Strategy
- ~~(ii)~~(iii) review, approve and provide assurance to the Board of Directors on the Trust Estate Strategy
- ~~(iii)~~(iv) monitor and approve expenditure in respect of the Trust's Charitable and Endowment funds ensuring appropriate resource allocation
- ~~(iv)~~(v) review the Trust's Standing Financial Instructions and Standing Orders and where appropriate make recommendations regarding amendments to the Audit Committee for approval by the Board of Directors
- ~~(v)~~(vi) notify the Audit Committee of any statutory reporting concerns or identified system weaknesses
- ~~(vi)~~(vii) review any matter referred to the Committee by the Board of Directors
- ~~(vii)~~(viii) prepare and share with the Audit Committee and the Board of Directors an Annual Report that outlines the work undertaken by the Committee during the year.

<b>5.</b>	<b>Membership</b>
	<p>The membership of the Committee will be:</p> <ul style="list-style-type: none"> <li>• Three Non-Executive Directors (one of which will be appointed to chair the meetings)</li> <li>• Executive Director of Finance (Lead Executive with ownership of the agenda <u>and SIRO</u>)</li> <li>• Deputy Chief Executive/Executive Director of Operations</li> <li>• Director of Corporate Governance (Board Secretary)</li> </ul> <p>Other Non-Executive Directors and Executive Directors can attend as desired but will not form part of the permanent membership of this committee.</p>
<b>6.</b>	<b>Attendees</b>
	<p>Meetings of the Committee shall normally be attended by:</p> <ul style="list-style-type: none"> <li>• Deputy Director of Finance</li> <li>• <u>Chief information Officer (relevant meetings)</u></li> <li>• Committee Administrator</li> </ul> <p>The Committee may invite other persons to attend a meeting so as to assist in deliberations. The Chairman shall be notified of this prior to the meeting.</p>
<b>7.</b>	<b>Meeting Arrangements, Frequency and Notice of Meetings</b>
	<p>Meetings shall be held at least six times per year. Agendas will be generated by the Committee Administrator in consultation with the Executive Director of Finance and the Committee Chair for approval. A formal agenda and supporting papers will be made available electronically to all members, and those in attendance where appropriate, three working days prior to the date of the meeting.</p> <p>The Committee will agree objectives and an annual work programme and plan how this will be discharged throughout the year. The delivery of this plan will be built into a forward planner and meeting agendas.</p> <p>Extraordinary meetings can be called by the Chair and can be held virtually, any decision made by the Committee in an extraordinary meeting will be ratified by the next formal meeting.</p>
<b>8.</b>	<b>Quorum</b>
	<p>The Committee is quorate when there are at least two Non-executive Directors and one Executive Director.</p> <p>Deputies may attend by exception but must be fully briefed and will not count towards quorum.</p> <p>On the occasions when the Committee has arranged to meet and the Committee is not</p>

quorate, business can be discussed and provisional decisions can be made, but those decisions must be taken back to the next meeting of the Committee for ratification.

## 9. Minutes and Reporting Arrangements

The Committee shall be supported administratively by the Committee Administrator whose duties in this respect will include:

- Production of the agenda to be agreed by the Chair
- collation and dissemination of connected papers;
- taking the minutes;
- keeping a record of matters arising and issues to be carried forward;
- maintaining an action log;
- advising the Committee as appropriate; and
- recording of items for a Significant Issues Report of the key business undertaken to the Board following each meeting, in the confidential session where possible.

The minutes shall be approved at the following meeting and matters arising and action log shall be discussed at each meeting. Approved minutes will be shared with the Board of Directors.

Assurance will be provided to the Board by the Chair using the standard format Significant Issues Report. The Report to the Board of Directors shall include details of any matters in respect of which actions or improvements are needed. To the extent that such matters arise, the Chair of the Committee shall present details to a meeting of the Board of Directors in addition to submission of the minutes.

The following reports will also be made by the Committee:

The Committee should provide an Annual Report timed to support the preparation of the Governance Statement. This internal report needs to be open and honest in presenting the committee's views if it is to be of real benefit to the Board and Accounting Officer. This report is likely to be used by the Board in preparing its own report for publication in fulfilment of the reporting requirements of the Code.

The Annual Report should summarise the Committee's work for the year past, and present the committee's opinion about:

- the significant issues that the Committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;
- the effectiveness of governance, risk management and control
- the comprehensiveness of assurances in meeting the Board and Accounting Officer's needs
- the reliability and integrity of these assurances. whether the assurance available is sufficient to support the Board and Accounting Officer in their decision taking and their accountability obligations
- the implications of these assurances for the overall management of risk
- any issues the Committee considers pertinent to the Governance Statement and any long term issues the Committee thinks the Board and/or Accounting Officer should give attention to financial reporting for the year
- the Committee's view of its own effectiveness, including advice on ways in which it

considers it needs to be strengthened or developed.

## 10. Reporting Groups

The following sub-committees shall report to the Committee:

None

The following operational groups will provide assurance reports to the Committee:

Business Planning Group, Monthly report

Capital Board, Quarterly report

CIP working group, Quarterly report

Through provision of minutes and a quarterly assurance report which articulates how their duties and responsibilities have been discharged, highlights emerging risks and summarises recommendations and actions required.

Assurance from the Finance and Investment Committee is provided to the Board of Directors by the Chair through provision of minutes and presentation of the Significant Issues Report. This report highlights key areas where assurance has been received, any emerging risks and summarises recommendations and actions required. The report also highlights recommendations for addition or amendment to the risks delegated to the Committee via the Corporate Risk Register (CRR) and Board Assurance Framework (BAF).

## 11. Meeting Effectiveness Review

The Committee shall conduct an annual self-assessment on the performance of its duties as reflected within these terms of reference and report any conclusions and recommendations for change to the Board. As part of this assessment, the Committee shall consider whether or not it receives adequate and appropriate support in fulfilment of its role and whether or not its current workload is manageable.

The purpose of the review is to provide assurance to the Board of Directors on all areas within the remit of the committee.

As part of the Board of Directors' annual performance review process, the Committee shall review its collective performance (and that of its individual members), and will prepare an annual report, for inclusion in the Trust's Annual Report and timed to support the development of the Annual Governance.

<b>12.</b>	<b>Review to be conducted by Committee/Group Chair</b>	
	<b>Date Committee/Group established</b>	28 <sup>th</sup> July 2008
	<b>Terms of Reference to be reviewed e.g. Annually</b>	The terms of reference of the committee shall be reviewed by the Board when required, but at least annually.
	<b>Date of last review</b>	December 2017
	<b>Date of next review</b>	December 2018

**Board Committee Governance Structures**

**Finance and Investment Committee – FIC**

**Assurance Structure**

