

Board of Directors Meeting 12 September 2024

Agenda item	140c/24		
Report Title	Finance Assurance Committee, first terms of reference		
Executive Lead	Director of Governance – Anna Milanec		
Report Author	Director of Governance – Anna Milanec		
CQC Domain:			
Link to Strategic Goal:		Link to BAF / risk:	
Safe	√	Our patients and community	√
Effective	√	Our people	√
Caring	√	Our service delivery	√
Responsive	√	Our governance	√
Well Led	√	Our partners	√
Consultation Communication	<ul style="list-style-type: none"> Board of Directors' discussion 8 August 2024 Chair of FAC with Director of Governance and, separately, Head of Corporate Governance and Compliance 		
Executive summary:			
		<p>As part of the restructure of the board assurance framework, the former Finance and Performance Assurance Committee has been developed into the new Finance Assurance Committee (FAC), with performance, and other elements, being transferred to a new, separate committee, the Performance Assurance Committee.</p> <p>It is intended that whilst FAC will continue to seek assurance as to strategic and operational financial planning and financial management, the Committee will develop a more mature forward-looking stance than the former FPAC previously, thus anticipating financial risks and trends earlier in the financial year.</p>	
Recommendations to the Board:		<p>The Board is asked to:</p> <ul style="list-style-type: none"> Consider and approve the terms of reference for the new Finance Assurance Committee 	
Appendices:		Appendix 1: Finance Assurance Committee Terms of Reference	

FINANCE ASSURANCE COMMITTEE

TERMS OF REFERENCE

1 Constitution

1.1 The Board of Directors hereby resolves to establish a standing committee of the Board to be known as the Finance Assurance Committee (“the Committee”).

1.2 The Committee has no executive powers, other than those specifically delegated in these Terms of Reference, or otherwise by the Board of Directors in its Scheme of Delegation.

1.3 As a Committee of the Board the Standing Orders of the Trust shall apply to the conduct of the working of the Finance Assurance Committee.

2 Authority

2.1 The Committee is authorised by the Board of Directors to investigate any activity within these terms of reference.

2.2 It is authorised to seek any information it deems relevant to fulfil its duties. All members of staff are directed to co-operate with any request made by the Committee.

2.3 The Committee is empowered by the Board of Directors to seek to obtain external professional advice and to invite external representatives or consultants with relevant experience and expertise to attend, if necessary, subject to Standing Financial Instructions, Scheme of Delegation and approval of the Chief Executive and Trust Chair.

2.4 These Terms of Reference can be amended only with the approval of the Board of Directors.

3 Purpose

The purpose of the Committee is:

3.1 To undertake on behalf of the Board of Directors objective scrutiny and seek evidence of assurance of the Trust’s financial performance plans, major investment decisions, capital plans and relevant regulatory compliance.

3.2 Provide the Board with an objective review of the financial position of the Trust and assurance on the delivery of the Trust’s financial objectives, including identifying any significant risks and associated mitigating actions, making recommendations to Board, where required. And in so doing, be aware of and seek assurance regularly on the impact of the operational decisions of the trust on its income and cost base.

3.3 Consider processes for the preparation and the content of strategic and operational financial plans, including annual revenue, capital and workforce budgets, and test the key assumptions and risks underpinning such plans.

4 Committee Membership

4.1 The membership of the Committee shall be appointed by the Board of Directors and shall consist of not less than five members:

- Committee Chair: a nominated Non-Executive Director
- Two further nominated Non-Executive Directors
- Director of Finance (lead executive for the Committee)
- Director of Nursing

4.2 The Non-Executive members and Committee Chair shall be appointed by the Board of Directors from amongst its independent Non-Executive Directors.

4.3 In the absence of the nominated Committee Chair, another Non-Executive Director Committee member will chair the meeting.

4.4 Only members of the Committee shall attend the meetings, save for those stated in section 5. below.

5 Attendees

5.1 As required by the agenda, any senior colleague who is not a member of the Committee may attend all, or part, of a committee meeting, as agreed with the Committee Chair. This may be for regular attendance by an individual, or for specific items only, on the current agenda. Regular attendance will not imply or construe membership of the Committee. The following are regular attendees:

- Deputy Director of Finance - Strategy

5.2 It is for the Committee Chair to indicate whether other executive directors and/or other senior members of the Trust, attend, according to the requirements of each agenda. This will vary from meeting to meeting and will depend on whose area of responsibility an agenda item falls within. Directors / managers should be given sufficient notice that their presence is required so that they come fully prepared. An example will be the Director of People and OD, who will attend the meeting on a periodic basis.

5.3 Meetings will be open to the Chief Executive and the Trust Chair to attend (non-voting capacity).

5.4 The Company Secretary may attend any meeting.

5.5 A Committee Secretary will be in attendance for each meeting.

5.6 Meetings are not open to members of the public.

5.7 Those in attendance do not count towards the quorum.

6 Quorum

6.1 The Committee will be deemed quorate to the extent that the following members are present:

- Two Non-Executive Directors (which may include the Chair) and;
- one Executive Director, and in the absence of the Director of Finance, a nominated finance deputy must also be present.

6.2 By exception, in the absence of two Non-Executive Director committee members, a Non-Executive Director who is not a Committee member, may count towards the quorum with the advance agreement of the Committee Chair and Trust Chair.

6.3 A designated Deputy may act on behalf of an Executive Director in their absence, on the basis that at least one Executive Director is also present.

6.4 No business shall be transacted by the Committee unless a quorum is present. A quorate meeting shall be competent to exercise all or any of the authorities, powers and duties vested in or exercised by the Committee.

6.5 At the discretion of the Chair of the Committee, business may be transacted through either:

- a tele/video-conference whereby an agenda has been issued in advance; or
- in person, face to face; or
- through the signing by at least three of all Committee members of a written resolution (including email) sent in advance to members outside of the meeting and recorded in the minutes of the next formal meeting.

7 Responsibilities of members

7.1 If unable to attend, members should send their apologies to the Chair and Committee Secretary with adequate notice prior to the meeting so that alternative arrangements can be made;

7.2 If appropriate, for members of the meeting, seek the approval of the Committee Chair to send a deputy to attend on their behalf, in line with 6.3 above;

7.3 When matters are discussed in confidence at the meeting, maintain such confidences.

7.4 At the start of the meeting, declare any relevant conflicts of interest/potential conflicts of interest in respect of specific agenda items in order that these can be considered by the committee/chair of the meeting in relation to participation in the agenda item.

8 Frequency of Meetings

8.1 The Committee shall normally meet 12 times per year and at least ten times annually.

8.2 The Board or Committee Chair may request an additional meeting(s) if they consider that one is necessary to enable the Committee to discharge all its responsibilities.

9 Meeting administration

9.1 Meetings dates will be agreed by the committee members each year in advance. Notice of additional meetings will be given at least 14 working days in advance unless members agree otherwise.

9.2 The agenda shall be determined by the Committee's agreed annual cycle of business/schedule, the Committee Chair, and the lead executive director.

9.3 Agenda papers shall be submitted at least 7 working days prior to the meeting.

9.4 The agenda and papers will normally be circulated at least 6 days prior to the meeting

9.5 The Committee Secretary, or their nominee, shall record the minutes of the meetings and provide relevant support for agenda setting, action logs and meeting invitations.

10 Duties of the Committee

The duties and responsibilities of the committee are as follows:

10.1 Strategic and operational planning:

10.1.1 Consider assurances on the preparation and content of financial plans and annual revenue, capital, and workforce (pay and variable pay) budgets and test the key assumptions and risks underpinning such plans before recommending decisions to the Board of Directors.

10.1.2 Monitor performance compared with the annual operating/financial plan, budgets and

capital plan and investigate variances.

10.1.3 Consider financial aspects and funding sources of business cases for significant revenue and capital investment, as defined in the Trust's Standing Financial Instructions and Scheme of Delegation, prior to making recommendations to the Trust Board.

10.1.4 Receive assurances on the financial aspects and benefits of revenue business cases retrospectively for return on investment/benefits realisation.

10.1.5 Review and receive assurances on the progress of the Trust's commercial procurement strategy.

10.1.6 Review the development of the Trust's financial strategy and long-term financial model and ensure alignment with the Trust's Strategy recommending to the Board of Directors approval of the financial strategy which will be refreshed on an annual basis. Ensure that each year the operating plan is aligned with the approved financial strategy.

10.1.7 Ensure that decisions to commit resources are taken with reference to the financial strategy understanding the impact on the Trust's underlying position with a view to ideally strengthening the underlying financial position.

10.2 Assurance on Financial management:

10.2.1 Monitor and consider explanations of significant variances from financial and workforce budget by divisions, as well as the Trust, on a regular basis, and consider the assurances on the progress of corrective actions, their envisaged impact and the planned timescale for recovery.

10.2.2 Monitor cost improvement efficiency programmes, including the short and medium-term prospects, and consider assurances and any proposed corrective or contingency actions, making any relevant recommendations regarding this to the Board.

10.2.3 Receive assurances on the robustness of the governance processes overseen by the PMO relating to efficiency programmes.

10.2.4 Receive assurances on the development, implementation, and maintenance of an effective service line reporting framework.

10.2.5 Consider and receive assurances on detailed expenditure, cash flow and working capital plans and forecasts.

10.2.6 Scrutinise and receive assurances on regular financial performance reports and forecasts, focusing particularly on risks and assumptions.

10.2.7 Commission and consider various risk-based financial reports and analyses, as appropriate, to ensure appropriate assurances are received.

10.2.8 Monitor progress of any significant system of internal control matters, and associated action plans, in relation to the remit of the committee, reporting into the Audit & Risk Assurance Committee, as required.

10.2.9 Recommend to the Board the approval of the Trust's cash management strategy annually.

10.2.10 The Committee is required to review all contracts that require formal approval through the Board of Directors in compliance with the Trust's SFI's.

10.3 Risk assurance

10.3.1 To review and oversee the strategic risks, effectiveness of the associated controls in place and actions identified in the Board Assurance Framework that are assigned to the committee (risks to achievement of corporate objectives) and make recommendations to Board on any changes required to the strategic risk profile.

10.3.2 Identify and seek assurance on the management of significant finance risks that are on the corporate risk register and ascertaining whether any risks should be incorporated onto the Board Assurance Framework and escalated to Board.

10.3.3 The Committee receives regular information from the following:

- Capital Planning Group
- Finance Recovery Group

11. Reporting

11.1 The Committee is accountable to the Board of Directors and the Committee Chair will report regularly on the Committee's proceedings in discharging its responsibilities and the effectiveness of systems and processes. The Committee Chair shall bring to the Board's attention, on behalf of the Committee, significant matters that are under consideration and make necessary recommendations on any area within its remit where executive action or Board decision may be required.

11.2 The minutes of Committee meetings shall be formally recorded and made available to the Board of Directors.

11.3 The Committee will report to the Board at least annually on its work in support of the business of the Board and this report will be shared with the Audit & Risk Assurance Committee and the chair of the committee will attend ARAC at least once per year. This annual report should also describe how the Committee has fulfilled its terms of reference and give details of any significant issues that the Committee considered and how they were addressed.

11.4 The Committee will refer to the Audit and Risk Assurance Committee any matters requiring review in that forum.

12. Monitoring Effectiveness

12.1 The Committee will conduct an annual review of its effectiveness and provide an annual report to the Board on its work in discharging its duties, delivering its objectives and complying with its terms of reference.

13. Status of these Terms of Reference

13.1 The Committee's Terms of Reference, including membership, will be subject to annual review. Any proposed variations will require approval of the Board of Directors.

Agreed by Finance Assurance Committee on XX.

Approved by the Board of Directors on XX