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 **Terms of Reference for the**

**FINANCE AND INVESTMENT COMMITTEE**

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| **1.** | **INTRODUCTION** |
| 1.1  | The Code of Accountability for NHS Boards (published by the Department of Health in April 1994, EL(94)40) requires Boards to draw up standing orders, a schedule of decisions reserved to the board and standing financial instructions (SFIs). The SFIs detail the financial responsibilities, policies and procedures to be adopted by the Trust. They are designed to ensure that its financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Schedule of Decisions Reserved to the Board and the Scheme of Delegation adopted by the Trust. |
| 1.2 | The Board of Directors responsibilities for ensuring that an effective control system is in place are undertaken by the Audit Committee. |
| 1.3 | To ensure the effective planning and scrutiny of financial matters and decisions that the Board has determined should be reserved to the Board, a Finance and Investment Committee has been established. |
| 1.4 | This Committee shall ensure there is a comprehensive governance framework covering the capital programme, and that the Trust can demonstrate Value For Money (VFM) in its investment decisions and delivery of the programme. |
| 1.5 | The Board of Directors has delegated its responsibilities and functions in accordance with its Standing Orders and Standing Financial Instructions. |
| 1.6 | The Finance and Investment Committee will be a formal committee of the Board of Directors and its terms of reference will be incorporated into the Trust’s Integrated Governance Framework. |
| 1.7 | The Committee is authorised to obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers it necessary, in accordance with the Trust’s Standing Orders. |

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| **2.** | **MEMBERSHIP** |
| 2.1 | The membership of the committee will include the Chair of the Trust, two non-executive directors (one from a financial and/or commercial background), the CEO and the Director of Finance. The Chair of the Audit Committee should not normally be a member of the Finance and Investment Committee.  |
| 2.2 | The Committee will be chaired by a non-executive with relevant financial and/or investment decision making experience. |
| 2.3 | The Director of Corporate Affairs & Company Secretary will attend the meetings and ensure a record of the business transacted is produced. |
| 2.4 | The Board of Directors will review membership of the Committee annually. |
| **3.** | **ATTENDANCE AT MEETINGS** |
| 3.1 | The quorum for the committee is three members to include at least two non-executive directors (which could include the Chair of the Trust) and one executive director. |
| 3.2 | The Committee may invite other managers and staff of the Trust, NHS Professionals, Internal or External Audit to attend meetings. |
| **4.** | **FREQUENCY OF MEETINGS** |
| 4.1 | Meetings shall be held not less than five times per annum.  |
| 4.2 | The frequency of meetings can be varied at the discretion of the Committee Chairperson. |
| 4.3 | An indicative timetable for business will be developed by the Committee. The Committee agenda will not be restricted to those items shown and can be changed at the discretion of the Committee Chairperson, to deal with any other financial matters. |
| **5.** | **CALLING MEETINGS** |
| 5.1 | Meetings will be called and conducted in accordance with the Trust’s Standing Orders. The notice period will be a minimum of ten days. Written reports are to be sent to members at least five clear days before the meeting. |

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| **6.** | **REMIT** |
| 6.1 | Consider and approve all capital expenditure proposals, acquisitions, and disposals within the authorities delegated to the Committee by the Board of Directors, under the Trust’s Scheme of Delegation:* + critically scrutinise all business cases over £500k;
	+ approve business cases (over £500 less than £2m); and
	+ make recommendations to the Board of Directors on approval over £2m.
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| 6.2 | Approve all PIDs for schemes over £2m. |
| 6.36.4 | Approval of any forecast variation of £100-£500k of the approved budget for a capital development in line with the Budgetary Control policy.Critically review the Financial Strategy (the Long Term Financial Plan), Estates Strategy and ICT Strategy (delivery against the Global Digital Exemplar programme 2017-2020) with a recommendation to the Board of Directors on approval. Receive annual progress reports on the anniversary of their approval and review recommendations on variations to strategy. Approve supporting strategies relating to these key strategies. |
| 6.5 | Annually review the Capital Programme and make a recommendation to the Board of Directors to approve. |
| 6.6 | Review the governance arrangements for the capital investment programme by request from the Audit Committee on the basis of a recommendation arising from an assurance report. |
| 6.7 | Monitor delivery of the capital investment programme through quarterly progress reports from the Capital Programme sub-committee. |
| 6.8 | Consideration of evaluation reports for capital schemes over £2m. |
| 6.9 | Receive an annual report from the Capital Programme sub-committee on the performance of project delivery. |
| 6.10 | Receive an annual report from the Director of Estates and Facilities on securing VFM. |
| 6.11 | Approve any financing or use of financial instruments within its delegation. |
| 6.12 | Be empowered to delegate its authority to the Chairman or the Chief Executive within the limits contained in the Trust’s Scheme of Delegation. |
| 6.13 | Discuss and review budgets and Strategic Plans for submission to the Board of Directors and recommend changes in financial strategy in the following areas: * Resource management
* LDP
* capital structure
* borrowing
* interest exposure
* tax planning
* Investment
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| 6.14 | Review compliance with financing agreements and covenants and the operation of treasury management policies including* setting benchmarks for assessing the Treasury function’s performance, and annually reviews performance against those benchmarks; and
* reviewing a market testing exercise performed annually by the Finance Department covering the permitted investment institutions adopted by the Trust.
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| 6.15 | Consider any changes to accounting policies before the Audit Committee scrutinises the statutory accounts. |
| 6.16 | Agree and monitor the work of the Capital Programme sub-committee and review annually its terms of reference, performance and effectiveness within the Integrated Governance Structure. |
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| **7.** | **REPORTING** |
| 7.1 | Minutes of the Committee meetings will be formally recorded and circulated to members of the Board of Directors within ten working days. A summary of the decisions made will be reported to the following meeting of the Board of Directors.  |
| 7.2 | The Chairperson of the Committee will submit an Annual Report of the work of the Committee to the Board of Directors. |
| **8.** | **LIMITATIONS OF AUTHORITY** |
| 8.1 | The Committee shall be delegated the power of the Board of Directors to require the attendance of any member of the Trust staff. |
| 8.2 | Save as is expressly provided in the Terms of Reference, the Committee shall have no further power or authority to exercise, on behalf of the Board of Directors, any of its functions or duties. |