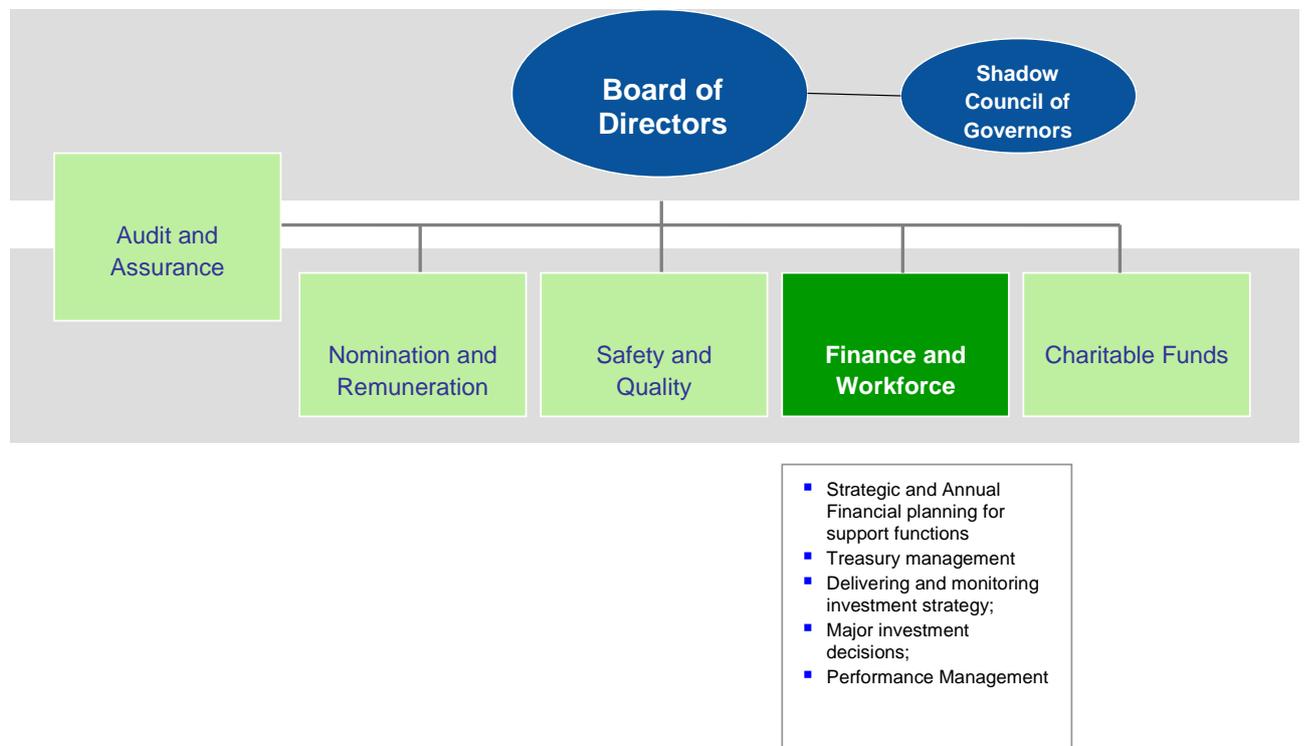


# Chapter Nine Finance and Workforce Committee



## 8.1 Summary purpose and authority

8.1.1 The purpose of the Finance and Workforce Committee is to provide oversight of the Trust's business planning in particular strategic, (three year plus) and annual planning oversee investment (treasury/working capital management and capital projects) and financial sustainability. The Committee is responsible for the following key areas:

- (i) business planning, including strategic and annual financial, workforce, estates and IT planning;
- (ii) approving investment decisions, including capital projects, treasury and working capital management, and;
- (iii) monitoring delivery of significant projects and investments, and any potential new business combinations.

8.1.2 The Board of Directors sets the strategic direction for the Trust (in particular approving the Clinical Strategy and the Quality and Safety Strategy) and this Committee provides assurance to the Board that the Business Plan and Long Term Financial Model (LTFM) and supporting strategies, and Annual Operating Plans including the financial budget are in place and fit for purpose – the Committee is not writing the Trust's strategy, it is ensuring that the supporting strategies are in place and are operationalised through the business plan. Linked to that, the Committee approves investment decisions that support the business plan and monitors implementation of those

investments. It also reviews support functions e.g. Workforce, Estates, IT performance through KPI reporting.

- 8.1.3 On behalf of the Board the Committees scrutiny of monthly financial performance, and will expect to see linkage back to Trust planning where this is required to deal with issues from in-year performance.
- 8.1.4 The Committee will receive reports on Transformation and Productivity so that it is appraised of internal performance, the external environment and how commissioning intentions are shifting to allow it to provide advice to the Board on risks and to inform investment or other decisions within its (the Committee's) remit.
- 8.1.5 The Committee will provide the Audit and Assurance Committee with assurance over the efficacy of strategic and annual planning, the effectiveness of their delivery and investment decisions. It will also provide assurance over how well related processes are controlled. The Committee Chair shall be a member of the Audit and Assurance Committee. The Chair will be responsible for ensuring that the Committee provides assurance to the Audit and Assurance Committee in the course of its annual work programme including the relevant aspects of the Trust's Internal Control Framework.
- 8.1.6 The Committee is responsible for the review and approval of the treasury management policy, working capital policy, investment strategy and capital programme to ensure the overall security of resources and best return on investment. The Committee shall ensure sufficient liquidity to meet the Trust's current commitments and planned capital expenditure.
- 8.1.7 The Committee shall scrutinise and challenge significant capital expenditure and major projects in line with the thresholds detailed within its terms of reference, which reflect the Scheme of Delegation, to ensure the most effective use of resources and manage costs. A framework for such challenge is set out as Appendix 4 to these Rules of Procedure. The Committee shall receive reports from the Capital Group, which reports to the Executive Committee, and which shall approve and monitor lower value projects. The Committee shall similarly receive reports from the Executive Workforce Group and the Executive Committee for Strategy.
- 8.1.8 The Trust is committed to becoming an exemplary body with a focus on its people, specifically, staff development and employee satisfaction. The Committee shall review Workforce strategy and annual plans to ensure alignment with Trust direction and strategic objectives. A key focus will be that strategic workforce plans support both strategic and annual plans support the identification of appropriate resource levels and skill mix in line with budgeted staff costs now and for the future. A further focus for the Committee will be staff development linked to organisational, divisional, team and personal objectives through a comprehensive performance monitoring and appraisal system. The aim will be the development and implementation of a Workforce Strategy which has a positive impact on staff job satisfaction and retention. The Committee shall receive regular reports as agreed from the Director of Human Resources.

## **8.2 Impact on foundation trust application**

In order to attain NHS foundation trust status, the Trust will need to ensure that its business plan processes are integrated and that the Integrated Business Plan fully describes how the Trust will deliver its strategic objectives. It will need to have sound treasury management systems and a successful investment record that maximises benefit, including the capital programme. The Trust shall ensure policies and financial systems are in line with best practice as issued by NHS Improvement (Monitor) prior to making an application.

# **Finance and Workforce Committee: Terms of Reference**

## **Finance and Workforce Committee**

### **Terms of Reference**

#### **1. Background**

- 1.1 The Finance and Workforce Committee (“the Committee”) is a standing Committee of the Board of Directors. These terms of reference can only be amended by the Board of Directors.
- 1.2 The purpose of the Committee is to assist the Board of Directors in exercising its business planning, financial and workforce and investment governance procedures in four key areas:
  - i) monitoring Financial Performance
  - ii) Business planning, including strategic financial and workforce planning;
  - iii) approving investment decisions, as defined in these terms of reference, including capital projects, treasury and working capital management, and;
  - iv) monitoring delivery of significant projects and investments, and any potential business combinations.

#### **2. Authority**

- 2.1 The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. The Committee is authorised by the Board of Directors to seek any information it requires from any employee of the Trust in order to perform its duties.
- 2.2 In connection with its duties, the Committee is authorised by the Board of Directors, at the Trust’s expense, within any budgetary restraints imposed by the Board of Directors, to appoint external professional advisors, and to commission or purchase any relevant reports, surveys or information which it deems necessary to fulfil its duties.

#### **3. Membership and Attendance**

- 3.1 The members of the Committee shall be appointed by the Board of Directors.

The members of the Committee shall be:

- three non-executive directors, one of whom shall be appointed as Chairman of the Committee; another of whom shall be a member of the Audit and Assurance Committee;
- Chief Financial Officer
- Director of Corporate Affairs
- Director of Human Resources
- Director of Information and Estates

- Chief Nurse
  - Chief Operating Officer
- 3.2 As Accountable Officer, the Chief Executive has an open invitation to attend each Board sub-committee.
- 3.3 The following shall be invited to attend meetings as and when appropriate but shall have no voting rights:
- (i) all other corporate members of the Management Board; and
  - (ii) all other non-executives and executive members of the Board of Directors.
- 3.4 The Committee may invite other Trust staff to attend its meetings as appropriate.

#### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be three, which shall include at least one non-executive and one executive director.
- 4.2 A duly convened meeting of the Committee 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.
- 4.3 In the absence of the Committee Chairman and/or an appointed Deputy, the remaining non-executive members present shall elect one of themselves to chair the meeting.
- 4.4 Where a Committee meeting:
- (i) is not quorate under paragraph 4.1 within one half hour from the time appointed for the meeting; or
  - (ii) becomes inquorate during the course of the meeting,
- the Committee members present may determine to adjourn the meeting to such time, place and date as may be determined by the members present.

#### **5. Meetings**

- 5.1 The Committee shall meet monthly and at such other times as the Chairman of the Committee shall require.
- 5.2 The Chief Financial Officer or their nominee shall act as the Secretary of the Committee.
- 5.3 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman and/or Chief Executive.
- 5.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than five days before the date of the meeting.

- 5.5 Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 5.6 Minutes of the Committee shall be circulated to Committee members and attendees, and the Board of Directors.

## **6. Duties**

### **6.1 Financial Performance**

The Committee shall provide oversight of the Trust Financial performance by reviewing financial and trading (income from activities) performance in delivering healthcare outputs and targets.

The Committee shall consider and review income and activity (trading) reports focusing on:

- (i) The volume and complexity of activity and performance against Plans
- (ii) Reasons for variances, the impact financially and delivery of actions to correct adverse performance
- (iii) Forecasts for the year, risks to that forecast and actions to mitigate risks
- (iv) Effectiveness of contractual processes, contractual notices and outputs with commissioners
- (v) Compliance with SOFIs particularly in terms of work being done by the Trust that is not contracted
- (vi) Cashflow management and Working Capital planning
- (vii) Major judgmental areas

The Committee shall consider and review financial reports focusing on:

- (i) Delivery to plans
- (ii) Reasons for variances and delivery of actions to correct adverse performance
- (iii) Forecasts for the year, risks to that forecast and actions to mitigate risks
- (iv) Delivery of Trust savings plans
- (v) Operation of Trust budgetary procedures and compliance with SOFIs
- (vi) Major judgmental areas

### **6.2 Business planning**

The Committee shall provide oversight of the Trust's business planning and will recommend to the Board of Directors the sign off of the integrated business plan and annual operating plans. The Committee will also take stock of market and environmental analysis reports and make itself aware of

developments in the local health economy and through transformation programmes and QIPP schemes.

In doing so, the Committee shall approve:

- i) All relevant supporting strategies and policies, with the exception of the Clinical Strategy (which is signed off by the Board) and Quality Strategy i.e. Clinical Effectiveness, Safety and Patient Experience (which is approved by the Safety & Quality Committee) – see below for workforce
- ii) The business planning timetable

### **6.3 Financial policy, management and reporting**

The Committee shall provide oversight of the Board of Directors' financial policies, management and reporting with consideration to the overall financial performance of the Trust by ensuring the development and implementation of high levels of financial control are embedded into operational management of the Trust and financial plans are disseminated and understood across the Trust. In doing so, the Committee shall approve:

- (i) the financial policies of the Trust annually and make appropriate recommendations to the Board of Directors;
- (ii) the Trust's medium and long-term financial strategy, in relation to both revenue and capital, including overseeing the development of financial plans for the Trust's foundation trust application;
- (iii) the Trust's annual financial targets; and
- (iv) the preparation of the annual budget prior to its submission to the Board of Directors.

### **6.4 Workforce strategy**

The Committee shall provide oversight of the workforce strategy, plans, management and reporting with consideration to the overall flexibility of resources, total staff costs and staff development. In doing so, the Committee shall approve:

- (i) the 3 - 5 year workforce strategy and relevant supporting policies that are relevant to the Committee (the Management Board will sign off most supporting policies)
- (ii) the organisational development strategy and annual plan
- (iii) the annual workforce plan including, the preparation of its establishment prior to the budget's submission to the Board of Directors.

### **6.5 Investment policy, management and reporting**

The Committee shall:

- a. approve and review, on behalf of the Board of Directors, the Trust's investment strategy and policy the 3-5 year capital programme and the

annual capital plan in order to maintain oversight of the Trust's investments, ensuring compliance with the policy. The Committee shall:

- (i) establish the overall methodology, processes and controls which govern investments;
  - (ii) ensure that robust processes are followed; and
  - (iii) evaluate, scrutinise and monitor investments;
- b. approve and review the Trust's treasury management and working capital policy annually or as required;
  - c. approve proposals for major business cases with a capital value of over £1m or which require a revenue budget virement of over £1m. The Committee shall monitor the work of the Capital Group, which reports to the Management Board, for lower value investments;
  - d. approve the initiation of projects greater than £1m on the information provided in the Project Initiation Document and Project Plan Outline Business Case and Full Business Case and other key project documents;
  - e. monitor implementation of major projects (>£2.0m). This shall include:
    - (i) developing sub-groups as needed and approving their terms of reference;
    - (i) assisting in the evaluation of the bids at each stage or identifying the expert advice needed;
    - (ii) giving approval to the Project Director to start each necessary stage of work upon completion of the necessary tasks from the previous stages;
    - (iii) approving major alterations in the project plan;
    - (iv) ensuring key areas are communicated across all stakeholder organisations;
    - (v) ensuring the project is appropriately evaluated;
    - (vi) ensuring propriety in placing and management of contracts; and
    - (vii) ensuring risk assessment and management strategies are in place.
  - f. evaluate the implementation and delivery of the business benefit of projects > £1m via a post implementation review.

## 6.6 Other duties

The Committee shall:

1. make any arrangements necessary to ensure that all members of the Board of Directors maintain an appropriate level of knowledge and understanding of key financial issues affecting the Trust;
2. examine any other matter referred to the Committee by the Board of Directors.

3. meet privately to consider commercially sensitive matters e.g. potential partnerships, marketing strategy
4. seek assurances that governance controls are reviewed to provide assurance that the trusts internal control framework system's design, function and performance are satisfactory.

#### **6.7 External advice**

The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external professional advisors who advise the Committee in the course of its work. Where external professional advisors are appointed, a statement shall be made available of whether they have any other connection with the Trust.

### **7. Reporting arrangements**

- 7.1 The Committee Chairman shall report formally to the Board of Directors on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Committee shall make whatever recommendations to the Board of Directors and/or Management Board that it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3 The Committee shall produce an annual report of the Trust's financial, investment, project, procurement, and estates policies and practices which shall form part of the Trust's annual report.
- 7.4 The committee shall review reports previously considered and approved by the Management Board for Strategy, the Workforce Group and the Capital Group.

### **8. Review**

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

Next Review Date: October 2017

# Finance and Workforce Committee: Standing Agenda and Monthly timetable

## A G E N D A – PART 1

<b>1</b>	<p><b><u>Welcome and Apologies for Absence</u></b></p> <p>Apologies</p> <p>Declarations of Interest</p>	General
<b>2</b>	<p><b><u>Minutes and actions from previous meeting</u></b></p> <p>Minutes of previous meeting - <i>for approval</i></p> <p>Actions from Action tracker - <i>for information</i></p>	General
<b>3</b>	<p><b><u>Business Case Investment</u></b></p> <p>Strategic Business Case - <i>for approval</i></p> <p>Outline Business Case - <i>for approval</i></p> <p>Full Business Case - <i>for approval</i></p> <p>Post Implementation Review - <i>for assurance</i></p>	Monthly as required
<b>4</b>	<p><b><u>Business Planning</u></b></p> <p>Business Planning updates - <i>for information</i></p> <ol style="list-style-type: none"> <li>1. Timetable – February</li> <li>2. Draft Budget and Capital Plan – January</li> <li>3. Final Budget and Capital Plan – March</li> <li>4. Financial Plan – March</li> </ol> <p>Annual Strategies - <i>for approval or review</i></p> <ol style="list-style-type: none"> <li>5. Estates Strategy</li> <li>6. IT Strategy</li> <li>7. Communications Strategy</li> <li>8. Workforce and Organisational Development Strategy</li> <li>9. IBP</li> </ol>	Annual
<b>5</b>	<p><b><u>Finance</u></b></p> <p>Financial Performance - <i>for assurance</i></p> <p>CIP Update - <i>for assurance</i></p>	Monthly Monthly
<b>6</b>	<p><b><u>Workforce and Organisational Development</u></b></p> <p>Workforce &amp; Organisational Development Report M06 - <i>for assurance</i></p>	Monthly

7	<b><u>Capital &amp; Estates</u></b> Capital & Estates Report - <i>for assurance</i>	Monthly
8	<b><u>IT</u></b> IT Report - <i>for assurance</i>	Monthly
9	<b><u>General</u></b> Any other business Issues to report to the Board of Directors Next Meeting	General

### A G E N D A – P A R T 2

1	<b>Minutes from previous meeting</b>	General
2	<b><u>Productivity</u></b> Service Efficiency Programmes Quarterly Update - <i>for information</i> Other Initiatives Update - <i>for information</i>	Quarterly Monthly as required
3	<b><u>Service Developments</u></b> Partnerships Update - <i>for information</i> Quarterly Benchmarking - <i>for information</i> Productivity Report – <i>for information</i>	Monthly Quarterly Monthly
4	<b><u>Marketing</u></b> Market Development Plan - <i>for approval</i>	Annual
5	<b><u>Finance</u></b> Contract Report - <i>for information</i> Service Line Reporting - <i>for information</i>	Monthly as required Monthly
6	<b><u>General</u></b> Any Other Business Next Meeting	General