



TERMS OF REFERENCE FINANCE AND PERFORMANCE COMMITTEE

Constitution

The Board of Directors (“the Board”) hereby resolves to establish a committee to be known as the Finance and Performance Committee (“the Committee”). The committee is a Non-Executive Committee of the Board and has no executive powers other than those specifically delegated to it via these Terms of Reference. The Standing Orders of the Trust, Standing Financial Instructions and Scheme of Delegation shall apply to the conduct of the working of the committee.

Authority

The committee is authorised by the Board to investigate any activity within its Terms of Reference and is authorised to seek any information that it requires from any member of staff. All members of staff are directed to co-operate with any request made by the committee. The committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of others from outside of the trust with relevant experience and expertise if it considers this necessary.

The committee is authorised to establish sub-committees and working groups to support its work subject to Terms of Reference that shall be approved by the committee, but shall not delegate the powers conferred upon it by these Terms of Reference to any other body without the express authorisation of the Board.

Purpose

The purpose of the committee is to provide a forum for the Board to seek additional assurance in relation to relevant aspects of the ‘Place’ and ‘Partnerships’ Strategic Objectives; including all aspects of financial and nationally set and locally agreed performance targets, monitoring the impact of the Cost Improvement Programme (CIP) and monitoring of the Service Transformation Programme (STP).

The committee will also ensure the adoption and application of best practice governance and decision making processes for making investments in line with the NHS Act 2006 (as amended by the 2012 Act) and the NHS Improvement “Supporting NHS providers: guidance on transactions for NHS foundation trusts” guidance (updated March 2015).

The committee will be responsible for the scrutiny of risks identified within the Board Assurance Framework and Corporate Risk Register relating to finances and the use of resources and will work collaboratively with the Quality and People and Culture Committees to ensure that the impact on quality and the workforce of financial decision making is scrutinised.



Membership

Membership of the committee will be appointed by the Board and shall consist of three Non-Executive members; one of which will be appointed by the Board as Chair and a further member will be a clinical Non-Executive member of the committee. The following Executive Directors will also be members of the committee or their nominated deputy:

- Chief Executive or Deputy Chief Executive
- Chief Finance Officer
- Chief Operating Officer
- Chief People Officer
- Director of Strategy, Transformation and Partnerships
- Either the Chief Medical Officer or the Chief Nursing Officer

Deputies

Executive members are expected to nominate suitable deputies to attend committee meetings in their place, should circumstances prevent members' own attendance.

Attendance

The following will usually be in attendance:

- Divisional Senior Manager representation
- Head of Corporate Governance
- Associate Director of Performance

Other directors and officers of the trust and independent advisors will be required to attend the committee to present reports and assist the committee in its consideration of investments.

Quorum

The committee shall be deemed quorate if there is representation of a minimum of two Non-Executive Directors and two Executive Directors. 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 duties vested in or exercised by the committee.

Frequency

The committee shall meet not less than 10 times per financial year. The Chair of the committee may convene additional meetings as they deem necessary.

Members the committee must attend at least eight of all meetings each financial year but should aim to attend all scheduled meetings.



Duties

The committee has the following specific duties and functions:

a. Finance

Financial Strategy

- Consider the financial strategy, ensuring that the financial objectives of the trust are consistent with the strategic direction.
- Periodically review the medium- and long-term financial strategies.
- Review key medium term planning assumptions.
- Review external publications around the financial and operating environment and their link to planning assumptions and models.

Monitoring of the Financial Position

- Monitor the achievement of the financial strategy, financial targets and associated activity targets.
- Regularly scrutinise financial performance, trends, projections and underlying data.
- Oversee the development of financial reporting, to include:
 - Appropriate emphasis on interpretation of the financial position and development of corrective plans where necessary.
 - Structuring monitoring reports around the key financial statements, income and expenditure, balance sheet, cash flow, capital, efficiency savings, and Service Line Reporting when implemented.
 - Developing high level metrics to focus the committee on areas where corrective action may need to be developed.
 - Linking the narrative to implications of compliance with the FT licence, in particular the financial and governance risk ratings.
- Consider the annual reference costs and review profitability analyses.

Business Case Consideration and Capital Programme Management

- Scrutinise and assure major investments and disinvestments proposals.
- Seek assurance of the overall controls which govern business case investments, using NHSI's guidance on Risk Evaluation for Investment Decisions. In accordance with the Reservation of Powers and Scheme of Delegation rigorously scrutinise business cases.
- Seek assurance that robust processes are followed, evaluating, scrutinising and monitoring investments and disinvestments so that benefits realisation can be confirmed.
- To ensure testing of all relevant options for larger business cases
- Focus on financial metrics within business cases e.g. payback periods, rate of return etc.



- Oversee the development and management of the rolling capital programme including scrutiny of the prioritisation process, forecasting and remedial action, and report to the Board of Directors accordingly.

Other Financial Matters

- Provide an opportunity for examination of fitness for purpose of the finance function compared to the scale of the financial challenge.
- Consider ad hoc financial issues that arise (e.g. check Private Patient Cap, estate revaluation etc.)
- Develop the trust's Treasury Policy in line with NHSI's guidance on Managing Operating Cash.
- Scrutinise arrangements for a working capital facility and other long terms loans if required, and investment of surplus cash.
- Consider such other matters and take such other decisions of a generally financial nature as the Board of Directors shall delegate to it.

The committee will be exclusively responsible for determining the selection criteria; selecting, appointing, and setting the Terms of Reference for any external consultants who advise the Committee.

b. Performance

- Review performance against key national, local and internal targets and indicators.
- Review exception reports and action plans for those targets and indicators where delivery is at risk.
- Review the contractual risk attached to non-achievement of national and local targets.
- Agree the composition of the performance scorecard on an annual basis.
- Receive a view of performance against relevant national productivity metrics and agree action where performance falls below agreed benchmarks.

c. Subsidiary Companies and Joint Ventures

Where the trust establishes either a subsidiary company or a joint venture, the Finance and Performance Committee will be responsible for maintaining oversight of the activity and governance arrangements surround each respectively. The committee will ensure that the Trust's Standing Financial Instructions and Scheme of Delegation reflect the delegated authorities provided under each arrangement and seek assurances of compliance on behalf of the Board. The committee will require the following after a meeting of any subsidiary company or Joint Venture Board:

- Summary of activities undertaken and decisions made
- A report assuring statutory compliance with applicable regulations and submission of statutory returns
- Timely escalation of identified risk and mitigating actions agreed.



d. General

- Review its own performance, constitution and Terms of Reference on an annual basis to ensure it is operating at maximum effectiveness.
- Review and approve trust policies that fall within its remit.

Policy Approval

1. Approving strategies that are within the remit of the committee and are deemed appropriate for committee approval by the Board, as provided for in the trust's Standing Orders.
2. Ratifying policies approved by the sub-committees that report to this committee on behalf of the Board, ensuring that due process has been followed.

Maintaining Board Oversight

In line with recommendations outlined in the NHSE/I review of Board Non-Executive Director Board Champion roles undertaken in 2021 and the subsequent guidance published in December 2021 *Enhancing Board Oversight: A new approach to NED champion roles*, the following responsibilities were remitted by the Board in January 2022 to be discharged by the Finance and Performance Committee:

- Procurement
- Cyber security

Reporting

The Chair of the committee will report in writing to the Board at the Board meeting that follows the committee meeting via an Escalation Report. This report will summarise the main issues of discussion and the Chair of the committee will ensure that attention is drawn to any issues, risks or decisions that require escalation to the Board or Executive Management Team for action.

The Chair of the committee will also attend the Risk and Audit Committee to provide assurance on the committee's processes and the work that it has undertaken.

The committee will receive Exception Reports from the sub-groups that it formally establishes to enable timely escalation of any issues. The core business of the sub-groups is routinely reported through the agenda of the committee. The committee has established the following sub-committees:

- Sustainability Working Group
- Capital Planning and Space Utilisation
- Elective Performance Management Group
- Digital Portfolio Group
- Emergency Planning and Resilience Group
- New Hospitals Programme Board
- Information Governance Group



The committee will also receive reports on activities and assurances of regulatory compliance from:

- DCH Subco Ltd
- Dorset Estates Partnership Joint Venture

Administration

The Finance and Performance Committee will be serviced by the Corporate Governance Team who will agree the agenda and Committee Work Plan with the Chair of the committee.

Review

These Terms of Reference will be reviewed in 12 months unless there is a requirement to do so earlier.

Appraisal

The committee will carry out an annual appraisal of its performance and effectiveness in line with the requirements of the Audit Committee Handbook 2018 (fourth Edition – January 2018) and will report this to the Board of Directors.

Approved by Finance and Performance Committee – 20th March 2023
Ratified by the Board – 29th March 2023