

**FINANCE COMMITTEE (FC)
TERMS OF REFERENCE**

1. Purpose

It will be the Finance Committee's responsibility to make recommendations and provide advice on financial management to ensure that CQC operates within its budget and that sufficient resources are available for investment.

2. Role and Scope

The Finance Committee will make recommendations to the Board on:

- The financial strategy and overall financial management of CQC;
- Budget setting;
- Monitoring and review of financial performance;
- Significant business development.

3. Responsibilities

The Committee will:

Financial strategy

- Consider and advise on the medium term financial strategy of CQC in relation to both capital and revenue.

Budget setting

- Review and advise on the setting of the annual budgets and receive reports on significant changes to the budget composition from year to year;
- Consider and advise on financial plans alongside performance and workforce plans to ensure alignment.

Monitoring and review

- Monitor in-year financial performance and scrutinise significant variances from budget;
- Scrutinise the content and delivery of the cost improvement programme;
- Monitor and make recommendations as necessary on the adequacy of CQC's financial performance reporting;
- Receive and review reports on performance against key external contracts;
- Monitor and review rolling 12 months cash flow forecasts, taking into account changing funding sources and fees schemes;
- Receive regular updates on debt recovery and advise on action required on bad debts.

Business Development

- In cases where expenditure of £1m or over is to be incurred: to review proposals for business developments and their respective funding sources; to consider investment plans (ensuring compliance with CQC policy); and to evaluate the extent to which proposals provide value for money, giving due consideration to revenue implications of capital investment and the return on investment;
- Consider and make recommendations to the Board where a business development will involve significant changes to the establishment.

4. Governance

The Finance Committee is a committee of the CQC Board; the Board approves the Committee's Terms of Reference. The Committee operates within the CQC's Scheme of Delegation.

5. Accountability

The Finance Committee is accountable to the CQC Board.

The Chair of the Finance Committee will be accountable for ensuring that the recommendations by the committee to the Board reflect appropriate consideration of:

- I. Corporate priority
- II. User involvement
- III. Staff development
- IV. Equality, diversity and human rights
- V. Resources (including IT)
- VI. Value for Money
- VII. Evaluation
- VIII. Public Reporting
- IX. Environmental considerations
- X. Legal considerations
- XI. Risks/interdependencies

6. Reporting Relationships

Following each Committee meeting, the Committee Chair will present the meeting minutes to the Board informing it of the Committee's actions and detailing any recommendations to the Board.

7. Interconnections with Board and/or other Committees

The work of the Committee should align with the Audit and Corporate Governance Committee (ACGC), the Regulatory Governance Committee (RGC) and the People and Values Committee (PVC). This will be assisted by a member of ACGC and RGC sitting on the Finance Committee.

8. Evaluation

The Committee will periodically review its own effectiveness and report the results of that review to the Board.

The criteria for success will be:

- The provision of effective advice on CQC's financial strategy and financial management;
- Effective alignment with ACGC, RGC and PVC.

9. Constitutional matters

i. Membership

The Committee will be appointed by the CQC Board and will have a Committee Chair who will be the Chief Executive, and at least two other members all of whom will be Board members.

Members of the Committee will be appointed by the Chair of the Board and the Accounting Officer, usually initially for a two year term. Reappointments will be approved by the Board.

ii. Quorum

The quorum for a meeting is a minimum of two members, one of whom should be the Chair. The Chair will nominate a deputy to act as chair should s/he be unable to attend a meeting.

iii. In attendance

Executive Director of Customer and Corporate Services, Director of Finance, Commercial and Infrastructure and, as required, Director of People, Director of Performance, Planning and Programmes, Head of Commercial and Contracts, Head of Financial Management, Head of Financial Accounting and the Committee Secretary will attend for all or part of the meeting. Representatives from other directorates, other staff members and external advisors will attend as necessary for all or part of the meeting. The Committee may appoint or co-opt independent external members as it requires.

iv. Support arrangements

A member of the Secretariat will act as the Secretary to the Committee.

v. Notice and minutes of meetings

- Unless otherwise agreed, notice of each meeting will be forwarded to each member of the Committee, no later than five working days before the date of the meeting. Supporting papers will be sent to the Committee members and to other attendees, as appropriate, at the same time;
- The Committee Secretary will write minutes, including the key points and decisions of all committee meetings. The minutes of the previous meeting must be approved by the Chair;
- The Chair will establish, at the beginning of each meeting, the existence of any conflicts of interest;
- The minutes of the committee meetings will be circulated promptly to all members of the Committee.

vi. The Finance Committee may procure specialist ad-hoc advice at the expense of CQC, subject to budgets agreed by the Board.

10. Frequency or Pattern of Meetings

The Committee will meet at least four times a year.

Additional meetings shall be arranged by the Secretary of the Committee as required by the Chair.

Annexe on Functionality and Conduct of Meetings

The following guidelines for best practice in conduct of meetings apply equally to the Board, Executive Team and their sub-committees and are annexed to all terms of reference.

Finance Committee meetings need to function in a purposeful, effective and efficient manner, and all Committee members have a responsibility to contribute to this objective. The following guiding principles for conduct of meetings will apply:

- i. Meetings will start and finish on time;
- ii. Meetings will work to time-allocated agendas;
- iii. Meetings will be supported by clear and succinct papers (guideline: 4 pages maximum), always including: an Executive Summary; stated purpose; and the decision/action required;
- iv. Drafters of papers should ensure their papers are fully ready for Committee deliberation before submitting them;
- v. Papers must be submitted by the established deadline of 5 working days before each meeting. Papers missing this deadline are carried forward to the subsequent meeting;
- vi. In concluding an agenda item, the Chair summarises the decision required and taken; the matter is not then re-opened;
- vii. Unnecessary iterations ('looping') are avoided: papers are ideally taken only once, and discussion does not reiterate points already made;
- viii. Fragmentation and/or duplication of effort in the drafting process is avoided through very clear allocation of drafting and approval responsibilities.