1 Introduction

The Finance and Investment Committee was established on the 10 June 2013 in order to

- scrutinise financial planning and performance for NHS England and the wider commissioning sector, reviewing areas of concern and reporting to the Board as appropriate.
- approve and agree changes to the financial policy framework for the commissioning sector;
- approve expenditure on activities relating to NHS England functions, as set out in the NHS Act 2006 (as amended) and the Health and Social Care Act 2012, within limits set in Standing Financial Instructions in the following categories:
  - Capital expenditure across the commissioning sector;
  - Revenue contracts accounted for as capital expenditure across the commissioning sector;
  - PFI contract expenditure across the commissioning sector;
  - Reconfigurations;
  - NHS England income generation;
  - NHS England leases or managed service agreements whether accounted as revenue or capital; and
  - NHS England expenditure financed by borrowing, however sourced.

2 Meetings of the Committee

During this period, the Committee met on 10 occasions.

The membership of the committee is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moira Gibb</td>
<td>Non-executive Director (Chair)</td>
</tr>
<tr>
<td>Ed Smith</td>
<td>Non-executive Director</td>
</tr>
<tr>
<td>Paul Baumann</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Bill McCarthy</td>
<td>National Director: Policy</td>
</tr>
<tr>
<td>Barbara Hakin (until December 2013)</td>
<td>Chief Operating Officer/Deputy Chief Executive</td>
</tr>
<tr>
<td>Paul Watson (From January 2014)</td>
<td>Regional Director: Midlands and East</td>
</tr>
</tbody>
</table>

A summary of members’ attendance is given at annex 1.
3 Delivery of the work programme

The list below provides an overview of the key areas of scrutiny and decision making during the year.

Financial planning and performance

- **In-year Financial reporting** – the committee scrutinised the financial position of both NHS England and the wider commissioning sector on a monthly basis. The risks and opportunities were discussed at length and a particular focus was given to the work being done to address the specialist commissioning overspend.

- **Strategic planning** - the committee received regular updates on the work being done to provide assurance on the 5 year financial plans and monitored the progress towards the delivery of a balanced budget.

Allocations

- **Capital allocations** - the committee approved capital allocations for 2013/14 and 2014/15.

- **Revenue allocations** – the committee reviewed the work undertaken on revenue allocations to CCGs and Area teams prior to consideration of NHS England Board.

Investments and Business Cases

- **Primary Care Support Services** - the committee reviewed and discussed the work being done on developing the business case for transformation of Primary Care Services prior to the final business case being submitted to the Board for consideration.

- **Royal National Orthopaedic Hospital** - the committee approved the decision to issue a letter of support for the Phase 1 PFI redevelopment of the Royal National Orthopaedic Hospital.

- **Relocation from Maple Street to Skipton House** – the committee reviewed the business case for move of London based NHS England staff from Maple Street to Skipton House.

- **Health and Justice Information Service** – the committee approved the Strategic Outline Case for Health and Justice Information Services and gave authority to proceed to Outline Business Case.

- **111 Telephony infrastructure re-procurement** – the committee approved the process for re-procurement of these services when the current contract expires in March 2015.

- **Acquisition of Barnet and Chase Farm Hospitals NHS Trust by Royal Free London NHS Foundation Trust** - the committee approved the proposal to sign the Heads of Terms for the acquisition and an urgent action of the Board was recommended to that effect.
• **Eltham Community Hospital stage 2 LIFT Business Case** - The committee approved the business case subject to conditions.

• **NHS e-referrals Telephone Appointment Line Business Case** - The committee delegated authority for assurance of the Full Business Case (FBC) to the Chief Financial Officer, who then sought urgent action of the Board for its final approval.

4 **Review of terms of reference**

The committee reviewed its Terms of Reference as set out in NHS England’s 2013/14 Committee Handbook.

The terms of reference were approved subject to the following:

- Paul Watson (PW) is now a permanent member of the committee.
- The committee meet monthly, rather than six times a year as stated in the terms of reference.
- The Director of Financial Control to be added to the list of attendees.

Proposed revised terms of reference are attached at annex 2 for approval by the Board.

5 **Review of effectiveness**

The committee plans to undertake a review of effectiveness early in 2014/15.

6 **Statement of assurance from the Chair of the committee:**

I am satisfied that the committee has met its duties delegated by the Board, and that there are no issues of significant concern that I would like to bring to the attention of the Board.

7 **Recommendations**

The Board is asked to:

- Note the report;
- Take assurance from the committee with regard to delivery of the work programme; and
- Adopt the revised terms of reference (if applicable)

Claire Wilson  
Chief of Staff, Finance Directorate  
June 2014
Annex One

Summary of members’ attendance for the period 10 June 2013 to 31 March 2014

<table>
<thead>
<tr>
<th>Member</th>
<th>10-Jun</th>
<th>01-Jul</th>
<th>31-Jul</th>
<th>02-Sep</th>
<th>30-Sep</th>
<th>18-Nov</th>
<th>02-Dec</th>
<th>13-Jan</th>
<th>03-Feb</th>
<th>07-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moira Gibb (chair)</td>
<td>X</td>
<td>X</td>
<td>A</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Ed Smith</td>
<td>X</td>
<td>A</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Paul Baumann</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Bill McCathy</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>A</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>A</td>
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<tr>
<td>Barbara Hakin</td>
<td>X</td>
<td>D</td>
<td>X</td>
<td>D</td>
<td>D</td>
<td>D</td>
<td>D</td>
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<td></td>
</tr>
<tr>
<td>Paul Watson (from Jan 2014)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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</tbody>
</table>

Present: X  
Apologies given: A  
Deputy attended: D
Annex two

Revised terms of reference

Finance and investment committee

Purpose

To scrutinise financial planning and performance for NHS England and the wider commissioning sector, reviewing areas of concern and reporting to the Board as appropriate.

To approve and agree changes to the financial policy framework for the commissioning sector;

To approve expenditure on activities relating to NHS England functions, as set out in the NHS Act 2006 (as amended) and the Health and Social Care Act 2012, within limits set in Standing Financial Instructions in the following categories:

- Capital expenditure across the commissioning sector;
- Revenue contracts that will be accounted for as capital expenditure across the commissioning sector;
- PFI contracts expenditure across the commissioning sector;
- Reconfigurations;
- NHS England income generation;
- NHS England leases or managed service agreements whether accounted as revenue or capital; and
- NHS England expenditure financed by borrowing, however sourced.

To approve NHS England financial policies.

Duties

- Reviewing and approving the financial policy framework for the commissioning sector which supports the delivery of NHS England’s strategic objectives;
- Reviewing and agreeing changes to individual elements of the financial policy framework for the commissioning sector (for example, allocations or Payments by Results policy);
- Monitoring the in-year financial performance of the commissioning sector;
- Considering the NHS England medium term financial strategy, in relation to both revenue and capital, and making recommendations to the Board;
- Reviewing and recommending the overall annual revenue and capital budgets to the Board for approval, and monitoring spend during the year;
- Reviewing and assessing business cases for:
  - Capital expenditure across the commissioning sector;
  - Commissioning commitments which underpin the revenue implications of a third party investing capital, or entering into a lease commitment (for example, support to a PFI);
  - Financial aspects and investment requirements of reconfigurations proposals;
  - NHS England income generation;
  - NHS England leases or managed service agreements, revenue or capital; and
  - NHS England expenditure to be financed by borrowing, however sourced; but not...
- NHS England revenue expenditure (considered by Procurement controls committee);
- At all stages (strategic outline case, outline business case, full business case and post control reports) for compliance with national guidance, legislation and best practice;
- Reviewing all business cases for expenditure (as above) that require Department of Health or Cabinet Office approval, prior to their submission to the Department of Health;
- Approving business cases (as above) on behalf of the Board in the context of NHS England’s agreed budget and within the delegated limits approved by the Board, or recommending business cases above delegated limits to the Board for approval;
- Considering and approving NHS England financial policies; and
- Reviewing other substantial issues of financial policy and delivery and making recommendations to the Board.

<table>
<thead>
<tr>
<th>Members</th>
<th>Attendees</th>
</tr>
</thead>
</table>
| Chair – Non executive director  
At least one other Non-executive director  
Chief Financial Officer  
Regional Director – Midlands & East  
National Director: Policy | Director of Strategic Finance  
Director of Financial Performance  
Director of Financial Control  
The Chief Executive and other National Directors may be invited to attend when the Committee is discussing areas/business cases that are the responsibility of that Director. |

<table>
<thead>
<tr>
<th>Quorum</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>The meeting will be quorate if there is one Non-executive Director and one National Director attending in person, via teleconference or video conference.</td>
<td>Under normal circumstances, the Committee will meet each month.</td>
</tr>
</tbody>
</table>