



Trust Board Report

Meeting Date:	14 March 2011
Title:	Revised Terms of Reference – Investment Committee
Executive Summary:	See below
Action Requested:	To approve the Terms of Reference for the Investment Committee
Report of:	Director of Finance and Information
Author: Contact Details:	Kevin Stringer, Director of Finance and Information 01902 695954 Email: kevin.stringer@nhs.net
Resource Implications:	None
Public or Private: (with reasons if private)	Public
References: (eg from/to other committees)	N/A
Appendices/References Background Reading	The Board are asked to approve the Terms of Reference as presented
NHS Constitution: (How it impacts on any decision-making)	In determining this matter, the Board should have regard to the Core principles contained in the Constitution of: <ul style="list-style-type: none"> ✚ Equality of treatment and access to services ✚ High standards of excellence and professionalism ✚ Service user preferences ✚ Cross community working ✚ Best Value ✚ Accountability through local influence and scrutiny

Background Details

1	Monitor expects Investment Committees to be in place in Foundation Trusts as part of good governance.
2	This proposal went to the Board in December and was retracted to consider whether the estates strategy and sustainability committee could be combined with this proposal.
3	It is therefore proposed to encompass the work of this group into this proposal. The committee will have three main areas of work:

	<ul style="list-style-type: none">• To monitor and ensure the Trust invests any cash surpluses in an appropriate way.• To consider the most appropriate source of funds to facilitate medium to long term investments. As part of this process the committee will be able to scrutinise material/significant transactions before they are taken to Board.• To review and discuss the estate strategy and the Trust's strategic response to the sustainability agenda
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TERMS OF REFERENCE FOR INVESTMENT COMMITTEE

DRAFT

1 Constitution and Remit

This Committee is established as a Standing Committee of the Trust Board of Royal Wolverhampton Hospitals NHS Trust, in order to ensure that investments are made in line with the Trust's approved strategies.

2. Authority

The committee is authorised by the Trust Board to invest money for the purpose of, or in connection with its principal purpose (as defined by the Foundation Trust Constitution) and Terms of Authorisation.

The functions of the Investment Committee will be to approve investment and borrowing strategy and policies, approve performance benchmarks, review performance against the benchmarks, ensure proper safeguards are in place for security of the Trust's funds, monitor compliance with treasury policies and procedures, approve proposals for acquisition and disposal of assets above an agreed amount and approve external funding arrangements within their delegated authority. **In addition the Committee will review the Estate Strategy (encompassing community services) and agree the Trust's response to the sustainability agenda.**

Section 17 of the Health and Social Care Act 2003 (the Act)

Section 17 of the Act focuses on investment of surplus operating cash likely to be needed within 12 months to support ongoing operations. The Committee will review all short term investments of funds within this context, and evaluate and select the most appropriate sources of investing the surplus operating cash. Excluded from the Committee's remit is the investment of pensions, associated charities or other funds connected with the Trust.

Monitor Compliance Framework and Guidance on Investment Decisions for NHS Foundation Trusts

The committee will act within the Monitor compliance framework and associated guidance in considering the most appropriate source of funds to facilitate medium to long term investments. These investments may include significant capital expenditure, acquisitions, joint ventures, mergers and alliances or major property transactions. The committee will call upon independent professional advice where appropriate.

3. **Objectives and Duties**

Ensure all investments are consistent with the Trust's Corporate Strategy.

Establish the overall methodology, processes and controls which govern investments.

Ensure robust processes (e.g. strategic fit, use of appropriate independent professional advisers) are followed.

Ensure risks of any investments are properly evaluated and risk management arrangements put in place, including:

- a. Obtaining independent professional advice where appropriate
- b. Evaluate, scrutinise and monitor investments
- c. Ensure Investments are supported by relevant stakeholders.

Ensure the establishment of a Risk Register for investments with those risks identified reported to the Board of Directors above the threshold set.

Establish a thorough evaluation, execution and monitoring process to evaluate all proposed investments using appropriate performance benchmarks.

Assess if any proposed investments should be reported to Monitor in line with the compliance framework in the annual planning process or in year prior to financial closure.

Develop a written Investment and Treasury Management policy which is reviewed by independent professional advisers, approved by the Board and reviewed annually.

Review and approve all medium to long term investments in line with the Investment Policy.

Review and approve the estate strategy (encompassing community services) and the Trust's response to the sustainability agenda.

4. **Membership**

The Investment Committee will comprise Executive and Non-Executive Directors, with a majority of Non-Executive Directors. It is chaired by a Non-Executive Director with relevant investment decision making experience.

Chair – Non-Executive Director

2 Nominated Non-Executive Directors

Chief Executive Officer

Director of Finance

Chief Operating Officer

5. **Attendance**

The sub-committee will co-opt onto or invite the attendance of other Directors or members of Trust Management staff as required, to include:-

Director of Estates Development

Deputy Director of Finance

Divisional Management Team Representatives

Senior Managers – Estates Development and Facilities Department

Senior Managers – Finance Department

The sub-committee will also seek external, expert advice if and when necessary in order to facilitate effective decision making where gaps in skills or knowledge are identified.

6. **Quorum and Frequency**

The Chair or Deputy Chair and 1 Non-Executive Director and 1 Executive Director (or nominated deputy) will constitute quorum.

The Committee will meet on a quarterly basis, with the ability to meet more frequently as agreed by the Chair, on the recommendation of the Chief Executive.

7. **Reporting**

The Committee will report to the Trust Board via hot topics, minutes and an annual report.

8. **Conduct of Committee Meetings**

The chair of the committee will ensure that the appropriate processes are followed:-

Minutes

Matters arising

Review any proposed Investments against success criteria and risk assessments

Maintain an appropriate risk log and register

Monitor and performance manage Investments when underway

Approve & Review Investment Strategy and Treasury Management Policy

To review and report annually attendance of members to the Trust Board

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