

Finance Committee Terms of Reference

Objective and Purpose

1. The role of this Committee is to provide assurance to the Board on key aspects of LHP's financial framework including the Business Plan and stress testing and the Treasury Strategy. This is to support the long-term financial sustainability of LHP and ensure that legal and regulatory requirements are met.

Membership

2. Between three and five members, including up to two places for independent members.
3. The Committee will comprise of members with skills appropriate to its purpose, including specialist skills in finance and treasury.
4. The Chair of the Board cannot be a member of this Committee.
5. Employees are not permitted to be members of this Committee.

Quorum

6. Three members, at least two of which must be Board members.

Meeting Arrangements

7. The Committee will meet twice a year with the scope for additional ad hoc meetings should a significant need arise.

Lead Officer

8. Executive Director of Finance.

Specific Duties of the Finance Committee

9. Scrutinise the review of the Business Plan, on an annual basis to ensure plans reflect strategy and are based on reasonable economic, development and operational performance assumptions and will maintain the financial viability of LHP, recommending approval to the Board.
10. Scrutinise the annual stress testing of the Business Plan and identify and monitor the implementation of any mitigation actions needed to ensure the continued financial viability of LHP, recommending approval to the Board.
11. Review the annual budgets of LHP, and its subsidiaries, ensuring financial resources are available to meet the financial business plan objectives, value for money targets are set, and budgets comply with key performance indicators and covenants, recommending approval to the Board.
12. Review the Treasury Strategy, supporting treasury policies and the appointment of Treasury advisers, recommending approval to the Board.

13. Scrutinise treasury management activity, every six months, monitoring performance against the strategy.
14. Review all new loan facilities, refinancing, and security arrangements, including the terms and conditions of agreements and loan offers and capital market facilities received, recommending approval to the Board.
15. Review changes to LHP's banking arrangements and banking provider, recommending approval to the Board.
16. Scrutinise overall performance against the Business Plan every six months, including reports on cashflow positions and covenant compliance. Put in place action plans to address any areas of serious under-performance or significant risk. Escalate any major risks to financial viability, compliance, or regulation to the Board.
17. Review any aspects of LHP's financial performance as directed by the Board where there is the potential for significant risks or opportunities for the organisation.
18. Undertake a self-assessment of the Committee performance and Terms of Reference at least annually and regularly evaluate training needs.