

Terms of Reference: Finance and Investment Committee

1. Name of Committee
 - 1.1 Finance and Investment Committee.
2. Purpose
 - 2.1 RCN Council has established the Finance and Investment Committee in accordance with Schedule Rule 2.1 of the Royal Charter.
 - 2.2 The purpose of the committee is to undertake objective scrutiny of the Group's financial performance and investment function on behalf of Council to ensure that resources are being used to best effect across the Group and that value for money and cost improvement is achieved.
 - 2.3 The role of the committee is:
 - To have oversight of the overall planning framework and the financial planning and budgeting framework that support the organisation to achieve its plans and priorities.
 - To have a strategic focus on business development, investment strategy and income generation including reviewing major business cases for all major capital and revenue investment decisions and proposals for new partnerships, joint ventures and strategic alliances
3. Delegated responsibilities
 - 3.1 *Planning and Performance Management*
 - To review the process, framework and content for the development and agreement of the 5-year strategic plan.
 - To review the annual priorities to be agreed by Council
 - To review the annual plan to be agreed by Council
 - To agree and review appropriate performance measures, including KPIs, to be able to assess performance against plans.
 - 3.2 *Financial Planning, Budgeting and Management*
 - To review and agree the assumptions and annual update to the finance strategy prior to its submission to Council for approval

- To review the annual revenue budget to be agreed by Council
- To review the annual capital budget to be agreed by Council
- To review the financial performance in year against the budget
- To consider and recommend an appropriate reserves policy to Council.
- To review the RCN's balance sheet and receive update reports to ensure that assets and liabilities are being properly managed and controlled, including (but not limited to) properties, investments, capital expenditure and the member indemnity scheme
- To consider and approve the plans, budgets and post investment reviews of major projects •
- To review the tax position of the RCN and its Group entities and ensure that tax issues are properly addressed and reliefs maximised.

3.3 *Pensions*

- To receive performance reports of the performance of the pensions' schemes and agree any proposed changes.
- To receive and review actuarial valuations of the defined benefit pension scheme, including:
 - The triennial actuarial valuation
 - The annual updates to the actuarial valuation
 - The accounting (FRS102) valuation to be included in the annual accounts
- To consider any changes that may be required to the pension scheme or other actions necessary, so that the risk posed to the organisation by the deficit is controlled and managed
- To receive reports and consider changes arising from pensions regulations that have an impact on the RCN pension scheme.

3.4 *Investments/Treasury Management*

- To assist Council in its management and monitoring of the RCN's investments.
- To recommend to Council an appropriate investment strategy and asset allocation model for the RCN's investment portfolio
- To monitor the performance of the RCN's investment managers against the agreed benchmark
- To market test the Investment Management provider at 3-5 year intervals and recommend changes to the fund managers to Council and oversee the selection process of new fund managers
- To take tactical decisions on investment management that are within the scope of the investment policy
- To take accounts in its decisions and recommendations of the RCN's values and socially responsible approach to investment
- To prepare regular reports on the performance and an annual report to Council.

3.5 *Commercial Activity*

- To develop and deliver a strategy for commercial activities as part of the RCN's overall strategy
- To consider and recommend new business opportunities as part of the RCN's overall strategy and to advise on the development of those commercial activities, opportunities and challenges.
- To review the performance and trading position of the RCN's commercial operations, including subsidiary undertakings.

4. Reporting and accountability

4.1 The Finance and Investment Committee is responsible and accountable to RCN Council for all aspects of its governance responsibilities.

4.2 Formal minutes of meetings will be kept and approved at subsequent meetings of the Finance and Investment Committee.

4.3 In accordance with Rule 2.3 in the *Royal Charter* the deliberations of the Committee shall be reported to Council and any resolution passed or decision taken shall be reported to Council.

5. Meetings and quorum

5.1 Meetings of the Committee shall take place a minimum of three times a year at appropriate times in the financial reporting and audit cycle.

5.2 The quorum will be four. Two Council Members and two External Advisers.

5.3 The rules and procedures in the *RCN Meetings Policy and Process* apply to this Committee.

6. Membership

6.1 The Committee will be appointed by RCN Council. The Committee shall consist of

- The Chair (Honorary Treasurer)
- Three other Council Members
- Up to four (two minimum) external advisers

6.2 Professional Advisers from the Investment Managers, Pensions Advisers and Tax Advisers will attend the meeting as appropriate.

6.3 The Director of Finance & Business Enablement and the Head of Finance will normally attend Finance & Investment Committee

meetings.

7. Observers

7.1 Observers may attend any Committee meetings at the discretion of the Chair and with the agreement of the Committee. Observers can speak and/or participate in the meeting only with the permission of, or at the request of, the Chair.

7.2 Individuals attending in observer status will receive those papers relating to the areas relevant to their observer role.

8. Election/appointment to the committee

8.1 Elections/appointments to the committee will be conducted in accordance with the RCN's Elections and Appointments policies and with the specific procedure for each election/appointment. Council members on the Committee shall be appointed on agreement with the Chair of Council.

9. Terms of office

9.1 A member of the Committee should serve for a maximum of four years.

9.2 External Advisers first term of office will be for a period of four years. Thereafter, their appointment will be reviewed and extended for a period of up to four years in agreement with the lead executive director (12.1) and Chair.

10. Mid-Term (casual) vacancies

10.1 The Chair of Council will review Council member allocation if any casual vacancies arise.

10.2 External advisers will be recruited in accordance with the RCN Appointments Policy if any casual vacancy arises.

11. Chair and vice chair

11.1 In accordance with Rule 2.2 in the *Royal Charter* the Finance and Investment Committee shall have a Chair. A Vice Chair shall also be elected.

- 11.2 The Honorary Treasurer will chair the Committee and a Vice Chair of the Committee will be elected by members of the committee.
 - 11.3 The term of office for the Chair will be for as long as they are the Honorary Treasurer. The term of office for the Vice Chair shall be for 2 years.
 - 11.4 The *RCN Regulation on Terms of Office* shall apply in respect of serving more than one term.
 - 11.5 The Chair and Vice Chair must relinquish these roles at the end of the term of office for the role, or if, for whatever reason, they cease to be a member of the Finance and Investment Committee including reaching the end of their term of office on the Committee.
12. Staff support, advice and guidance
 - 12.1 The lead Executive Director will be the Group Director of Finance who will ensure support and advice to the Committee from their directorates, as appropriate.
 - 12.2 Committee members and staff will work together positively and constructively, in line with the RCN's Respect Charter, to deliver the purposes of the Committee and within the Operating Framework**.
 - 12.3 In the unlikely situation where key professional advice presented by staff is not accepted by the Committee, the advice and reasons for not accepting the professional advice will be fully documented in the minutes of the meeting. Should the responsible director conclude this position poses a risk to the organisation and its members, the circumstances will be brought to the attention of the General Secretary/Chief Executive who will assess the seriousness of the position and advise the Chair of Council accordingly. Should a resolved position not be reached the matter will be escalated to Council for a determination on the way forward.
 - 12.4 The Governance directorate will ensure Secretariat support is provided.
 13. Removal from the Committee
 - 13.1 A Committee member may be removed before the end of their term of office on the grounds if they:
 - a) have exceeded their powers in a way that is detrimental to the RCN
 - b) have failed to discharge their duties

- c) have acted in breach of the RCN's Code of Conduct and/or Respect Charter
- d) have acted in a manner likely to bring the RCN into disrepute
- e) they have failed to attend three consecutive meetings (excluding special ad hoc meetings)
- f) have any active NMC cautions against their name, are currently subject to any NMC sanction, and/or they are subject to any ongoing disciplinary proceedings with any of their employers or professional disciplinary proceedings before the NMC. are subject to ongoing disciplinary proceedings in respect of any role they hold at the RCN and/or currently subject to any RCN disciplinary sanction.
- g) are subject to ongoing disciplinary proceedings in respect of any role they hold at the RCN and/or currently subject to any RCN disciplinary sanction.

13.2 The processes for such removal will be in accordance with the Member Resolution policy.

The Committee will review its terms of reference each year to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Council for approval. This should include induction and training and development of the Committee.

Approved by
RCN Council on 26 October 2023.

These Terms of reference will be reviewed annually

They should be read in conjunction with the *Operating Framework for RCN Committees*** and the Financial regulations - financial limits (located on the RCN Website).

*Note – these terms of reference are subject to ongoing change in line with the implementation of the recommendations of the Council-led governance review (2022). *Scheme of delegation under revision. ** Operating Framework for Committees in development [July 2022]*