

Finance & HR Committee – Terms of Reference

Purpose

The purpose of the Committee is oversight of and to make recommendations to the Board of Trustees (the **'Board'**) on IChemE's financial and investment affairs, and oversight of HR policy and other relevant matters, including remuneration of the Chief Executive and Senior Management Team.

The Committee has delegated authority from the Board in accordance with the Scheme of Delegation (see **Annex A**) and these Terms of Reference. Financial governance remains the responsibility of the Board at all times.

Duties and responsibilities

The Committee shall carry out the duties detailed below for the parent charity, for subsidiaries or branches, and for the group as a whole:

Finance

1. Give advice to the Board with regard to the overall financial strategy and financial objectives of IChemE, including its subsidiary companies and branches, and consider the financial implications of proposals for areas of major new development.
2. Approve any significant changes in accounting policies.
3. Approve the delegation of financial authorities.
4. Set and approve the annual business plan.
5. Review the annual budget, capital budget and cashflow forecast for approval by the Board, having regard to the linkages between the budget planning, business plan and strategy, and periodically review performance against the budget and business plan.
6. Review IChemE's financial reserves policy at least annually, making any recommendations for change to the Board.
7. Appoint the investment fund managers and where appropriate an Independent Financial Advisor, reviewing performance of the investment portfolio and investment fund managers at each meeting.
8. Review the investment strategy and investment policy at least annually, making any recommendations for change to the Board.
9. Approve the opening of Institution bank accounts with new providers.
10. Consult with the Defined Benefit Pension Scheme Trustees on any matters related to the Scheme, making any recommendations for change to the Board.

HR

11. Set and monitor the remuneration package for the Chief Executive.
12. Set the overall remuneration policy and package for the organisation.
13. Review and monitor the salary banding and benchmark salaries for the Senior Management Team as recommended by the Chief Executive.
14. Approve the annual percentage increase (which can be zero) in benchmark salaries for all other staff as recommended by the Chief Executive.
15. Approve the design of any performance related pay schemes and approve the total annual payments made under the scheme as recommended by the Chief Executive.
16. Oversee any major changes in employee benefits structures throughout the organisation.

Membership

The membership of the Committee shall comprise:

- President (ex-officio)
- Deputy President (ex-officio)
- Immediate Past President (ex-officio)
- Treasurer (ex-officio)

The terms of office shall coincide with the respective terms of office on the Board.

The Committee will be chaired by the Treasurer, or the President in their absence.

Only the members of the Committee have the right to attend **and vote** at Committee meetings. However, the Chief Executive and Chief Operating Officer shall be in attendance.

The Chief Executive and Chief Operating Officer shall not be involved in discussions as to their own remuneration.

The Committee is authorised to secure external advisors who may be invited to attend for all or part of any meeting, as and when appropriate and necessary, in a non-voting capacity.

Meetings

The Committee shall normally meet at least twice a year in April/May and October/November in line with IChemE's performance review and business planning cycle but may meet more often as business demands.

The meetings shall normally be held virtually.

The quorum necessary for the transaction of business shall be three members.

Decisions

When unanimous agreement on an issue cannot be achieved, the Chair can put the matter to a vote. A decision can be taken with the support of a simple majority of those present and voting. If the votes are evenly cast, the Chair may have in addition to their own vote, a further casting vote.

Record of meetings

A formal record of the proceedings and decisions taken at Committee meetings shall be maintained by the Chief Operating Officer.

Committee information such as meeting proceedings and papers shall be considered to be 'Open' in accordance with IChemE's Privacy Designations policy and may be made available in the members' area of IChemE's website unless designated as 'Private and Confidential' or 'Reserved'.

Reporting responsibilities

The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Other matters

The Committee shall:

- have access to appropriate resources to carry out its duties;
- be provided with, and expected to engage actively with, appropriate training in the form of an induction programme for new members and on an ongoing basis for all members;
- give due consideration to laws, regulations and any published guidelines or recommendations of the Charity Commission or other applicable rules and regulations as appropriate;
- arrange for periodic review of its own performance, and at least annually review the Terms of Reference for the Committee to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to Board for approval;
- report major concerns and outputs of audit activity to the Audit & Risk Committee.

Approved by:	Board of Trustees
Approval date:	August 2024
Date of next review:	August 2025
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Annex A

Delegated Authority – Scheme of Delegation

	Description	Source(s)	Decisions reserved for Board	Decisions delegated to	Comments
2	Direct and manage the property and the affairs of the Institution in accordance with the Charter, By-laws, Regulations and relevant legislation.	RC8 BL46	No		Overall oversight and management is delegated to FHRC with the exception of specific powers and decisions as set out in the Scheme of Delegation.
6	Set and approve the annual business plan for the Institution.		No	FHRC	
38	Set/amend the Institution's overall financial strategy, reserves policy and investment strategy.	RC7 BL49	Yes		The Board will ask the FHRC to make recommendations for Board approval.
39	Appoint and monitor the performance of investment advisors and/or investment managers.	BL49 BL50	No	FHRC	
40	Approve the opening of Institution bank accounts with new providers.		No	FHRC	The CEO can open new bank accounts with existing providers, or close existing accounts as needed.
41	Approve/reject proposals for the acquisition/disposal of land/buildings following receipt and consideration of professional advice.	CGI	Yes		The Board will ask the FHRC to make recommendations for Board approval.
42	Approve the Institution's overall annual budget, capital budget and cashflow.		Yes		The Board will ask the FHRC to make recommendations for Board approval.
44	Approve delegation of financial authorities.		No	FHRC	
45	Approve any significant changes in accounting policies.		No	FHRC	

48	Approve changes to the Defined Benefit Pension Scheme Recovery Plan and/or Investment Strategy.		Yes		Negotiations with the Pension Scheme Trustees is delegated to the FHRC with recommendations for approval to the Board.
52	Appoint or dismiss the Chief Executive.	BL91	Yes		Appointment and dismissal processes delegated to the FHRC. FHRC to recommend selected candidate to the Board for approval of appointment. Board to approve any financial / settlement agreement for dismissal of CEO as recommended by FHRC.
53	Set and monitor the remuneration package for the Chief Executive.	BL91	No	FHRC	
56	Set and monitor the remuneration policy and package for staff.	BL94	No	FHRC	Based on recommendation of the CEO the FHRC: sets the overall remuneration policy and package for the organisation; approves the annual increase to the salaries of the senior team; approves the overall annual percentage increase in benchmark rates for all other staff; approves the design of any performance related pay and the total annual payments to be made under the scheme.