

# Investment Committee Terms of Reference

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<b>Title</b>	<i>Investment Committee Terms of Reference</i>
<b>ID</b>	<i>GU 1025</i>
<b>Owner</b>	<i>Professional Services</i>
<b>Purpose</b>	<i>The purpose of this procedure is to describe the Investment Committee process</i>
<b>Affects</b>	<i>All staff involved in Investment Committee activities</i>
<b>Referenced by</b>	-----
<b>Refers to</b>	-----
<b>Monitoring</b>	<i>KPI's Analysis of Data Internal Audits</i>
<b>Records</b>	<i>Project Approval Register and Documentation</i>

<b>Issue #</b>	<b>Modification</b>	<b>Prepared By:</b>
1	Updated document to reflect new delegated authority levels and other general changes	S. Pickard
2	Updated document to reflect changes to project approval process	S. Pickard
3	Updated to reflect ODSL requirements	C. Hill
4	Updated to reflect amended PPM process, impact requirements and other general changes	J. Todd

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## 1 Definitions

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Refer to the stand-alone definitions document (ID1000) available on the intranet (Core Services / Innovation Programmes / Controlled Documents).

## 2 Purpose

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The purpose of the Investment Committee (IC) is to approve project related and capital expenditure. Capital expenditure relates to purchase an asset (e.g. an item of plant & equipment) or to improve or upgrade an asset of the business. Other business-related contracts (for example, office cleaning, Marketing & Communications expenditure) should be approved by the relevant Director(s) providing an approved budget is already in place. If a budget is not in place any envisaged expenditure should be agreed with the Finance Director and should be subject to the Scheme of Delegation (the relevant excerpt of which is set out at Schedule 2 to these Terms of Reference).

Projects being proposed to the IC should have an identifiable link to an existing programme of activity which is identified within the Directorate in question and forms part of that Directorates' objectives as set out within the Strategy and/or the 1-Year and 5-Year Delivery Plans. This will be queried by the In-House Solicitor when proposals are submitted to the IC.

In advance of the IC meeting, the Project Accountant will undertake an independent examination of the financial implications of the project (both in isolation and alongside any related projects on which funds are also being spent from the same budget in the same financial year(s)).

The IC will assess the commitment of cash funding and people resources to projects, as well as potential liabilities thereof. The IC is responsible for assessing the overall impact of the project (including the revenue generating capacity of same) in order to ensure alignment with the overall objectives of the organisation, the delivery plans in force at a particular time and the rules and principles set out in the grant funding agreement with Innovate UK. To facilitate that evaluation, the IC assess projects against the framework set out in Schedule 1 to these Terms of Reference ("**Decision Making Framework**").

To ensure ORE Catapult Projects align with Delivery Plan Objectives the IC will be responsible for:

- Approving or rejecting project concepts for further development
- Approving or rejecting projects for delivery
- Approving or rejecting additional funding for an existing project via Change Order Forms

- Undertaking a post-investment review of completed projects via Project Closure Forms

### 3 Approval Authority Levels

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The Approval Authority Levels for project and capital related expenditure are generally aligned to the Scheme of Delegation. Only projects of over \*£250k total lifecycle expenditure (i.e. labour, external expenditure, overhead and facility costs) will be reviewed by the IC. Projects below this limit require authorisation as set out in the Scheme of Delegation.

Where required, the IC is responsible for conducting a thorough appraisal of projects in advance of submission for formal approval by ODSL, Chairman and/or the Board.

\*The exception being projects with total lifecycle expenditure of <£250k, which are considered to carry the potential to expose ORE Catapult to significant material liabilities (guidance if estimated at >£50k), any such contract should also be subject to IC review.

There are also other reasons for which matters may be submitted for review by the Investment Committee, including where these are referred to the IC by the Project Assessment Committee.

All references to "Level" or "Levels" below relate to the excerpt from the Scheme of Delegation. For determining what approvals are required for execution of individual contracts as opposed to prior authorisation for project or capital related expenditure, please refer to the full Scheme of Delegation.

### 4 Record Keeping

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- The In-House Solicitor, will be responsible for compiling documentation for any expenditure which requires approval from Levels 3 and above. For Levels 1 and 2, the Project Management Office (PMO) within the relevant Directorate to which the project expenditure relates will be responsible for the documentation. A stand-alone email address ("Project Approval" (internal) or [project.approval@ore.catapult.org.uk](mailto:project.approval@ore.catapult.org.uk) (external)) will be used for all correspondence related to the IC
- Outcomes of each IC meeting will be confirmed by the In-House Solicitor to the relevant project owner and the relevant PMO to allow all comments of the IC to be recorded in the PPM tool.. Minutes of the IC meeting will be issued to the IC members and other relevant personnel within 3 working days of the IC meeting.
- Where applicable projects funded through ODSL will be submitted to ODSL for approval.

- Actions from the meeting will be recorded by the In-House Solicitor and reviewed at each IC meeting.

## **5 Methodology**

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All outcomes (approval / approval subject to further work / rejection) will be based on a majority decision.

### **Major Projects (Levels 3 and above)**

- Stage 3 Project Approval Records to be completed and emailed by the relevant Director or the PMO for the particular Directorate to the Project Approval email address at least 5 working days ahead of the next IC meeting
- The In-House Solicitor will then review the PAR, consult with other colleagues within Professional Services and, if necessary, discuss any particular risks and/or concerns about project impact directly with the proposer and the relevant PMO to allow the opportunity to address these in advance of the IC meeting. A note of any such comments from the In-House Solicitor and Professional Services will be provided to the IC members as part of the papers for the IC meeting
- Proposals will be either approved for a project, not approved pending further investigation or rejected and closed out
- The IC will also advise on whether a project should be earmarked for post-investment review. This will occur where the IC is of the view that: (i) projects where the expected impacts are particularly notable; or (ii) projects where there are key risks which will need to be managed to successfully deliver the project; or (iii) other relevant circumstances justify a post-investment review.
- Approved projects will be given a unique project number

### **Project Change (COF) Approvals**

- Refer to the Project Management and Governance document (PR 1020) for guidance on when a Change Order Form (COF) should be completed
- COF to be completed within the PPM tool and emailed to the relevant Director for approval
- Forms to be circulated to the appropriate delegated authority by the relevant PMO
- Where IC approval is required, the COF will be circulated to the IC at least 3 working days ahead of the next IC meeting
- Changes will either be approved, not approved pending further investigation or rejected

### **Post Investment (PCF) Reviews**

- Once a project is complete a Project Closure Form (PCF) is to be prepared, summarising the key aspects of the project
- Project Closure Forms to be completed within the PPM tool and emailed by the responsible PMO to the relevant Director, cc'ing the Project Approval address
- Post-investment review will occur where (i) a project has been earmarked as requiring post-investment review at the time they were originally approved (see Major Projects section above); or (ii) the project margin is at a variance of £250,000 or more than was projected at the time of approval; or (iii) there are some other material circumstances which, in the view of the IC, merits post-investment review.
- The precise format that the post-investment review will take may vary from project to project and can be agreed in relation to the particular project at the time

## **6 Meeting Frequency & Duration**

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120mins, monthly

Ad hoc meetings as required

## **7 Attendees**

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CEO

Finance Director

Research & Disruptive Innovation Director

Operational Performance Director

Test & Validation Director

In-House Solicitor

**Chair:** CEO (or in absence, Finance Director)

A quorum of the IC requires the CEO or Finance Director (or appointed representative) and two other Directors to be present.

## **8 IC Agenda Items**

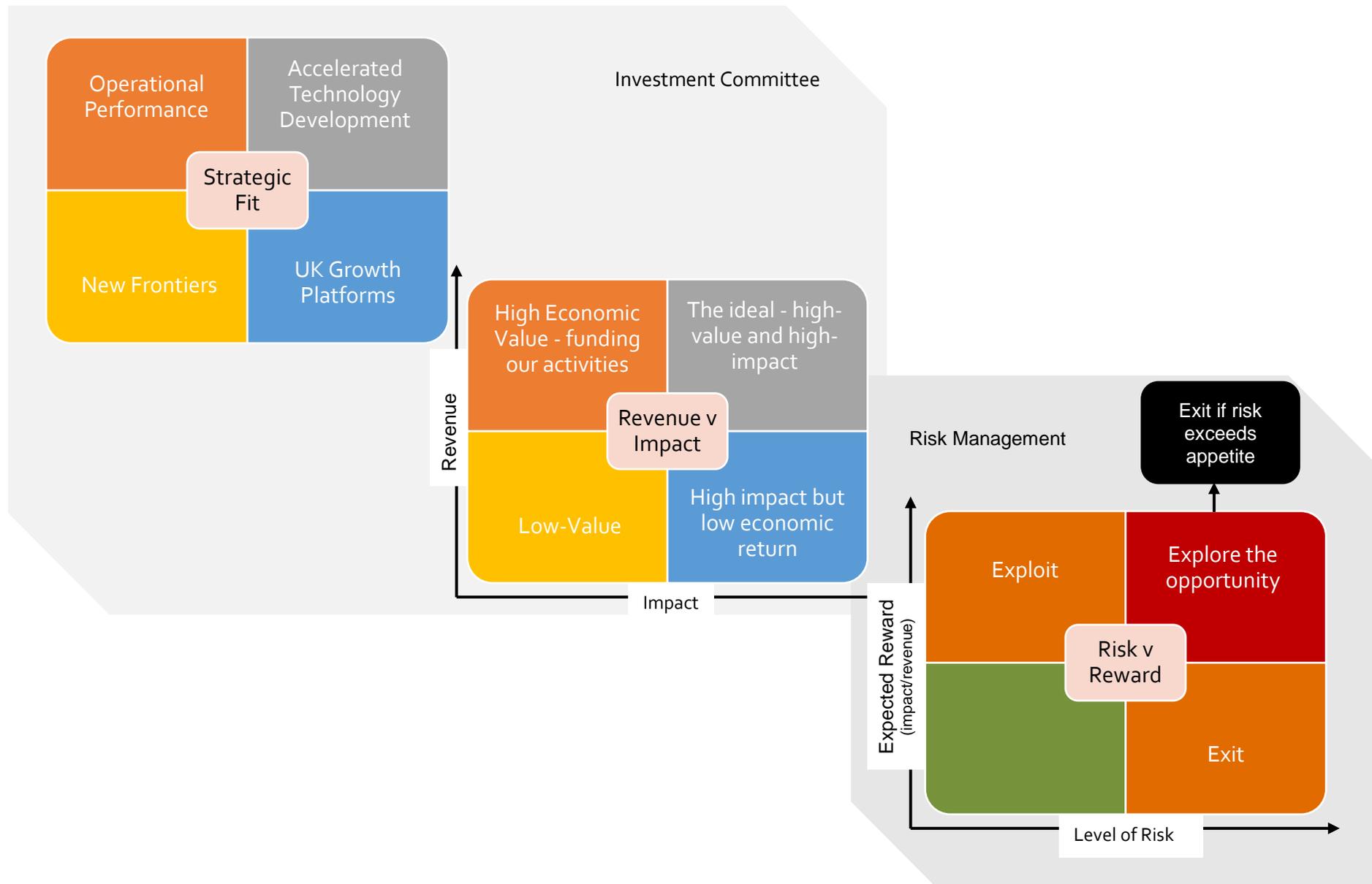
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1. Notice, Quorum & Apologies
2. Minutes
3. Review of Actions List

## Investment Committee Terms of Reference

4. Items for Approval
5. Any Other Business
6. Date of Next Meeting

Schedule 1 – Decision Making Framework



**Schedule 2 – Excerpt from Scheme of Delegation**

The Investment Committee (“IC”) terms of reference GU1025 set out the expenditure approval authority levels for project and capital related expenditure and commercial testing revenue projects. For any project expenditure  $\geq \text{£}250\text{k}$  this should go through the Investment Committee for consideration and approval on the terms below. Expenditure below this amount but carrying significant material liabilities (estimated at  $> \text{£}50\text{k}$  or carrying significant reputational risk) should also be subject to IC approval.

<b>Board approval required? (Level 5)</b>	<b>Chairman and CEO (Level 4)</b>	<b>CEO (Level 4)</b>	<b>Investment Committee (verification signature either CEO or FD) (Level 3)</b>	<b>Director and Finance Director (Level 2)</b>	<b>Single Member of the Executive Management Team (Level 1)</b>
<b>Full Board</b>  $\geq \text{£}1\text{million}$	$\geq \text{£}500\text{k}$ - $\text{£}1\text{million}$		$\geq \text{£}250\text{k}$ - $500\text{k}$	$\geq \text{£}50\text{k}$ - $250\text{k}$	$\leq \text{£}50\text{k}$