

Finance, Investment and Cash Committee Terms of Reference

Version: 11

Date Issued:	7 October 2025
Review Date:	October 2026
Document Type:	Committee Terms of Reference

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1. Role and Purpose

- 1.1 The Finance, Investment and Cash Committee (the **Committee**) is responsible for overseeing, monitoring and reviewing the stewardship of the Trust's finances, investments and sustainability of University Hospital Southampton NHS Foundation Trust (**UHS** or the **Trust**), including planning, financial performance, cash management, capital expenditure and the delivery of the informatics and estates, facilities and capital development annual plans.
- 1.2 The Committee provides the board of directors of the Trust (the **Board**) with a means of assurance regarding the Trust's financial position and capital and revenue investments to enable world-class people to deliver world-class care.
- 1.3 The duties and responsibilities of the Committee are more fully described in paragraph 7 below.

2. Constitution

- 2.1 The Committee has been established by the Board. The Committee has no executive powers other than those set out in these terms of reference. It is supported in its work by other committees established by the Board and other committees and groups as shown in Appendix A.
- 2.2 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to cooperate with any request made by the Committee.
- 2.3 In carrying out its role the Committee is authorised to seek reports and assurance from executive directors and managers and will maintain effective relationships with the chairs of other Board committees to understand their processes of assurance and links with the work of the Committee.
- 2.4 The Committee is authorised to obtain external legal or other independent professional advice if it considers this necessary, taking into consideration any issues of confidentiality and the Trust's standing financial instructions.

3. Membership

- 3.1 The members of the Committee will be appointed by the Board and will be:
 - 3.1.1 three non-executive directors of the Trust, at least two of whom should be independent, including the chair of the Audit and Risk Committee;
 - 3.1.2 the Chief Executive Officer;
 - 3.1.3 the Chief Financial Officer; and
 - 3.1.4 the Chief Operating Officer.
- 3.2 The Board will appoint the chair of the Committee from among its non-executive director members (the **Committee Chair**). The Committee Chair will not be the chair of the Audit and Risk Committee. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present will elect one of themselves to chair the meeting.
- 3.3 To ensure that non-executive directors hold the majority of votes on the Committee, only the Chief Financial Officer and Chief Operating Officer shall be invited to vote on any matter. The Committee Chair will have a second and casting vote in the event of a tie.

- 3.4 Subject to paragraph 3.3 above, only members of the Committee have the right to attend and vote at Committee meetings. However, the following will be invited to attend meetings of the Committee on a regular basis:
- 3.4.1 Director of Operational Finance/Deputy Director of Finance;
 - 3.4.2 Director of Planning, Performance and Productivity; and
 - 3.4.3 Associate Director Always Improving.
- 3.5 Other individuals may be invited to attend for all or part of any meeting, as and when appropriate and necessary, particularly when the Committee is considering areas of risk or operation that are the responsibility of a particular executive director or manager.
- 3.6 Governors may be invited to attend meetings of the Committee.

4. Attendance and Quorum

- 4.1 Members should aim to attend every meeting and should attend a minimum of 75% of meetings held in each financial year. Where a member is unable to attend a meeting they should notify the Committee Chair or Company Secretary in advance.
- 4.2 The quorum for a meeting will be three members, including two non-executive directors (one of whom must be either the Committee Chair or the chair of the Audit and Risk Committee) and either the Chief Financial Officer or Chief Operating Officer. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 4.3 When an executive director or manager is unable to attend a meeting they should appoint a deputy to attend on their behalf.

5. Frequency of Meetings

- 5.1 The Committee will meet at least ten times each year (usually once each calendar month) and otherwise as required.

6. Conduct and Administration of Meetings

- 6.1 Meetings of the Committee will be convened by the secretary of the Committee at the request of the Committee Chair or any of its members.
- 6.2 The agenda of items to be discussed at the meeting will be agreed by the Committee Chair with support from the Chief Financial Officer. The agenda and supporting papers will be distributed to each member of the Committee and the regular attendees no later than four working days before the date of the meeting. Distribution of any papers after this deadline will require the agreement of the Committee Chair.
- 6.3 The secretary of the Committee will minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance and any declarations of interest.
- 6.4 Draft minutes of Committee meetings and a separate record of the actions to be taken forward will be circulated promptly to all members of the Committee. Once approved by the Committee, minutes will be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.

7. Duties and Responsibilities

The Committee will carry out the duties below for the Trust.

7.1 *Financial planning and performance*

7.1.1 The Committee will review and monitor the following, ensuring these support the achievement of the Trust's objectives, and consider the adequacy and effectiveness of any corrective action proposed:

7.1.1.1 the Trust's long-term financial model;

7.1.1.2 the Trust's long-term and annual financial plans encompassing income, expenditure and capital;

7.1.1.3 the capital plan including any changes in the Trust's performance that may impact on the delivery of the long-term capital plan;

7.1.1.4 financial performance and forecasts and projections including achievement of the control total and other targets;

7.1.1.5 performance against revenue budgets at both Trust and divisional level;

7.1.1.6 capacity, activity and productivity including any significant variation and the impact on income;

7.1.1.7 cash, liquidity and working capital;

7.1.1.8 the use of any working capital facilities; and

7.1.1.9 performance of the Trust's subsidiaries and any joint ventures against agreed performance indicators.

7.2 *Cash Management*

7.2.1 The Committee shall review and monitor the Trust's overall cash position, including:

7.2.1.1 review of cash forecasts, the reasons for the Trust's cash position, and performance against cash key performance indicators;

7.2.1.2 reviewing and monitoring of the management of financial risk and the availability of cash to meet operational requirements;

7.2.1.3 ensuring that the Trust settles with its creditors in accordance with the Government's Better Payment Practice Code;

7.2.1.4 reviewing the level of funds owed to the Trust is minimised through effective credit control;

7.2.1.5 oversight of the cash impact of capital investments;

7.2.1.6 reviewing a monthly cash report from the Operational Cash Group. The terms of reference for the Operational Cash Group are set out in Appendix B;

7.2.1.7 reviewing the management of any surplus cash in line with the Trust's treasury management policy.

7.2.2 The Committee shall make recommendations to the Board in respect of applications for revenue public dividend capital from NHS England.

7.3 *Always Improving Value for Money*

7.3.1 The Committee will ensure that there is an Always Improving: Value for Money (AIVFM) programme in place each financial year that aligns with the Trust's annual plan.

- 7.3.2 The Committee will seek assurance that a recovery plan is in place and being implemented where any AIVFM schemes are at risk of delivery.

7.4 Investment

- 7.4.1 The Committee will review business cases of £2.5 million or more in value, ensuring that outcomes and benefits are clearly defined and measurable and support achievement of the Trust's objectives and making recommendations to the Board for approval.
- 7.4.2 The Committee will review capital business cases over £5 million in value, ensuring that outcomes and benefits are clearly defined and measurable and support achievement of the Trust's objectives and making recommendations to the Board for approval.
- 7.4.3 The Committee will review all business cases identified by the Trust Executive Committee as of significant strategic importance regardless of value, ensuring that outcomes and benefits are clearly defined and measurable and support achievement of the Trust's objectives and making recommendations to the Board for approval.
- 7.4.4 The Committee will assess benefits realisation through post-implementation reviews, ensuring any learning is shared.

7.5 Informatics annual plan

- 7.5.1 The Committee will monitor and oversee the delivery of the Trust's annual plan for IT including funding and ongoing alignment with the Trust's objectives.

7.6 Estates, facilities and capital development annual plan

- 7.6.1 The Committee will monitor and oversee the delivery of the Trust's estates, facilities and capital development annual plan including funding and ongoing alignment with the Trust's objectives.

7.7 Risk

- 7.7.1 The Committee will monitor risks identified in the Trust's Board Assurance Framework that have been allocated for oversight by the Committee.
- 7.7.2 The Committee will establish and maintain an overview of the Trust's financial risks and risks to delivery of the Trust's informatics or estates, facilities and capital development plans and ensure the effectiveness and implementation of controls for financial risks and actions to mitigate risks to the delivery of the Trust's informatics or estates, facilities and capital development plans.
- 7.7.3 The Committee will refer any potential risks to patient safety or quality identified by the Committee to the Quality Committee.
- 7.7.4 The Committee will commission and oversee assurance deep dives into specific identified risks at the request of either the Committee Chair or the chair of the Board.

7.8 Reporting

- 7.8.1 The Committee will review any key financial submissions to national bodies before these are presented to the Board for approval.
- 7.8.2 The Committee will review the National Cost Collection Index for the purposes of benchmarking the Trust's performance.

8. Accountability and Reporting

- 8.1 The Committee Chair will report to the Board following each meeting, drawing the Board's attention to any matters of significance or where actions or improvements are needed.
- 8.2 The Committee will report to the Audit and Risk Committee at least annually on its work in support of the annual governance statement, specifically commenting on the financial statements and the appropriateness of the self-assessment of the effectiveness of the system of internal control and the disclosure of any significant internal control issues in the annual governance statement.
- 8.3 Appendix A sets out the sub-committees that report to and support the Committee in fulfilling its duties and responsibilities.

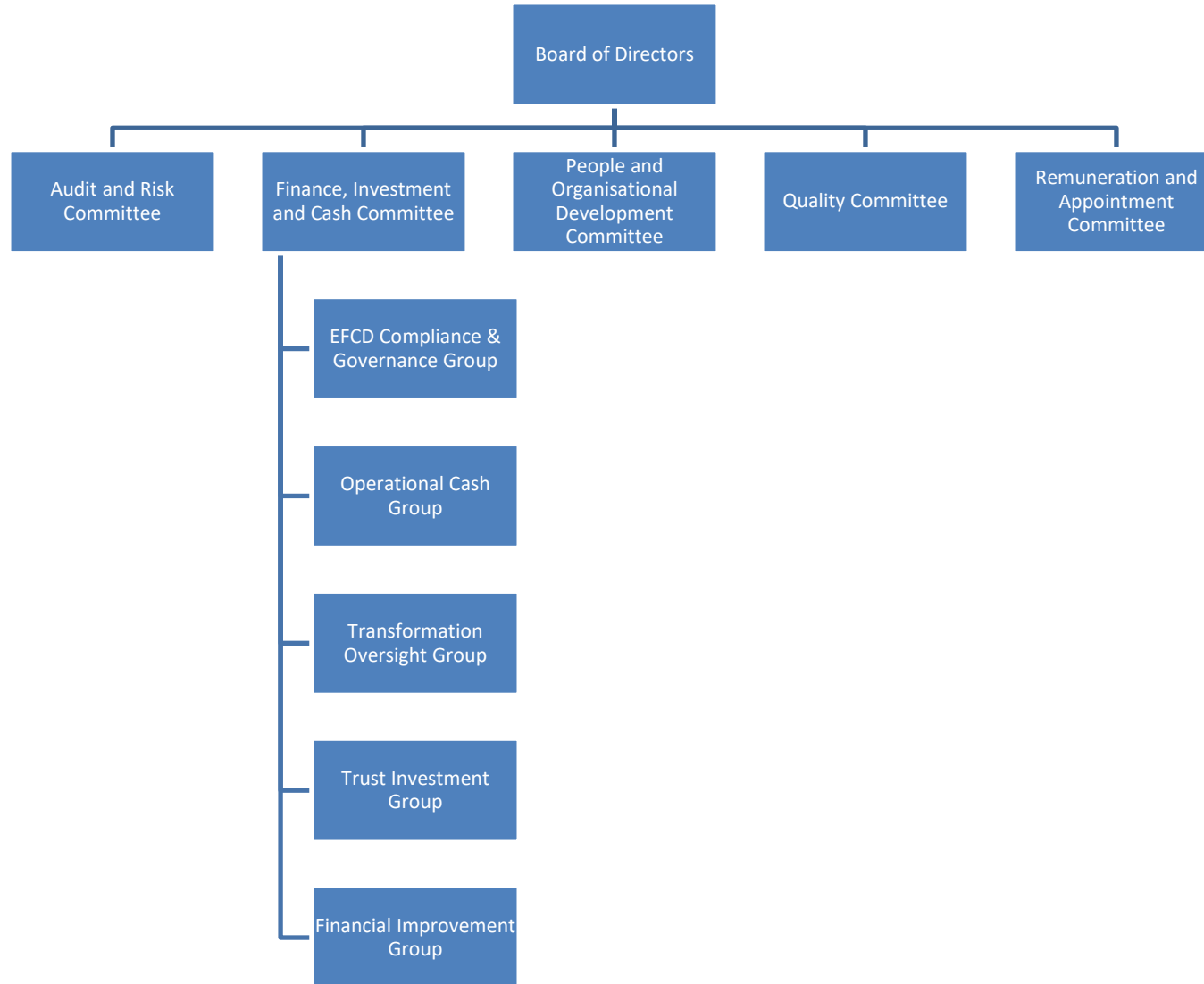
9. Review of Terms of Reference and Performance and Effectiveness

- 9.1 At least once a year the Committee will review its collective performance and its terms of reference. Any proposed changes to the terms of reference will be recommended to the Board for approval.

10. References

- 10.1 National Health Service Act 2006
- 10.2 NHS System Oversight Framework
- 10.3 NHS Improvement and Care Quality Commission Use of Resources: assessment framework
- 10.4 Standing Financial Instructions

Appendix A



Appendix B

Operational Cash Group Terms of Reference

1. Role and Purpose

- 1.1 The Operational Cash Group (the **Group**) is responsible for overseeing, monitoring and reviewing cash related matters for University Hospital Southampton NHS Foundation Trust (**UHS** or the **Trust**) as set out in more detail in paragraph 7.

2. Constitution

- 2.1 The Group has been established by the Finance, Investment and Cash Committee (the **Committee**). The Group has no executive powers other than those set out in these terms of reference.
- 2.2 The Group is authorised by the Committee to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to cooperate with any request made by the Group.

3. Membership

- 3.1 The members of the Group will be appointed by the Committee and will be:
- 3.1.1 the Director of Operational Finance;
 - 3.1.2 the Associate Director of Operational Finance;
 - 3.1.3 the Financial Services Manager; and
 - 3.1.4 members of the finance team responsible for Accounts Receivable, Accounts Payable, Capital and Management Accounts (as required).
- 3.2 The Group shall be chaired by the Director of Operational Finance, or in his absence, by the Associate Director of Finance (the **Chair**).
- 3.3 Other individuals may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

4. Attendance and Quorum

- 4.1 The quorum for a meeting will be two members, including one of either the Director of Operational Finance or the Associate Director of Operational Finance. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Group.
- 4.2 When a member is unable to attend a meeting, they should appoint a deputy to attend on their behalf.

5. Frequency of Meetings

- 5.1 The Group will meet weekly and otherwise as required.

6. Conduct and Administration of Meetings

- 6.1 Meetings of the Group will be convened at the request of the Chair or any of its members.
- 6.2 The agenda of items to be discussed at the meeting will be agreed by the Chair.
- 6.3 The Chair shall ensure that there is a record of the proceedings of all meetings of the Group, including recording the names of those present and in attendance and any declarations of interest.

7. Duties and Responsibilities

7.1 The Committee will carry out the duties below

- 7.1.1 reviewing the Trust's actual cash position against previous forecasts and the assumptions used;
- 7.1.2 reviewing the trend and change over time of cash balances;
- 7.1.3 identifying when cash pressures will arise and suggesting mitigating actions;
- 7.1.4 escalating actions to the Chief Financial Officer, where appropriate;
- 7.1.5 reviewing the cash impact and timing of investments;
- 7.1.6 reviewing the Trust's accounts receivable position, targeting timely payments to the Trust;
- 7.1.7 reviewing the Trust's accounts payable position and compliance with the Government's Better Payments Practice Code;
- 7.1.8 producing a monthly report to the Chief Financial Officer and Finance, Investment and Cash Committee;
- 7.1.9 reporting on performance against cash key performance indicators;
- 7.1.10 producing cash management plans for approval by the Chief Financial Officer.

8. Accountability and Reporting

- 8.1 The Group Chair will report to the Chief Financial Officer following each meeting, drawing his attention to any matters of significance or where actions or improvements are needed.
- 8.2 The Group Chair will report to the Finance, Investment and Cash Committee in accordance with the Committee's schedule of meetings.

9. Review of Terms of Reference and Performance and Effectiveness

- 9.1 At least once a year the Group will review its collective performance and its terms of reference. Any proposed changes to the terms of reference will be recommended to the Finance, Investment and Cash Committee for approval.

Document Monitoring Information	
Approval Committee:	Board of Directors
Date of Approval:	7 October 2025
Responsible Committee:	Finance, Investment and Cash Committee
Monitoring (Section 9) for Completion and Presentation to Approval Committee:	October 2026
Target audience:	Board of Directors, Finance, Investment and Cash Committee, Staff
Key words:	Finance, Investment, Cash, Committee, Board, Terms of Reference
Main areas affected:	Trust-wide
Summary of most recent changes if applicable:	Amendments to remit of Committee to include enhanced cash management role and renaming of Committee. Amendments to Appendix A. Addition of Operational Cash Group terms of reference in Appendix B.
Consultation:	Chief Financial Officer
Number of pages:	10
Type of document:	Committee Terms of Reference
Does this document replace or revise an existing document?	Yes
Should this document be made available on the public website?	Yes
Is this document to be published in any other format?	No