Finance, Investment and Cash 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 digital and estates, facilities and capital development 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 outstanding people to deliver outstanding care.

1.3 The duties and responsibilities of the Committee are more fully described in paragraph **Error! Reference source not found.** below. A summary of the Committee's key assurance responsibilities, expected assurance outputs, inter-committee relationships, and risk oversight expectations can be found in Appendix C. In case of any conflict between Appendix C and the main body of these terms of reference, the main body of the terms of reference shall prevail.

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 (but not the chair of the Audit and Risk Committee) 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;

3.4.3 Associate Director Always Improving;

3.4.4 Associate Director of Corporate Affairs (**Company Secretary**).

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 as observers.

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 Company Secretary 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 Company Secretary (or a nominated deputy) 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 ***Transformation and Cost Improvement Programme***

7.3.1 The Committee will seek assurance that there is a Cost Improvement Programme (**CIP)** 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 CIP schemes are at risk of delivery.

7.3.3 The Committee will seek assurance that there is a Transformation programme in place which aligns with the Trust's strategic objectives and will monitor delivery of this programme.

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 being 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 ***Digital***

7.5.1 The Committee will monitor and oversee the delivery of the Trust's Digital plans including funding and ongoing alignment with the Trust's objectives, including alignment with the Trust's transformation programmes.

7.6 ***Estates, facilities and capital development***

7.6.1 The Committee will monitor and oversee the delivery of the Trust's Estates, Facilities and Capital Development plans 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 Transformation, Digital 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

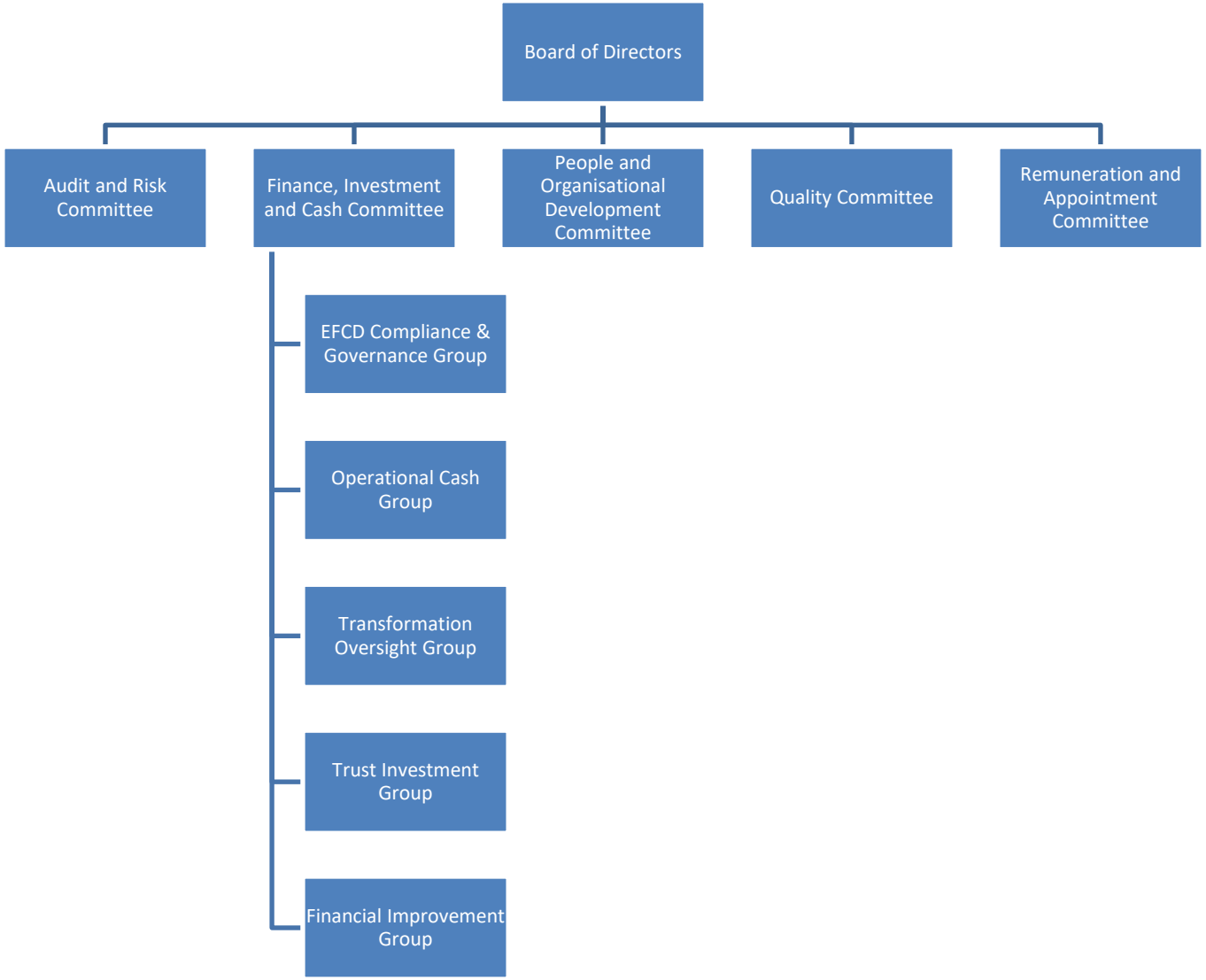
National Health Service Act 2006

NHS Oversight Framework

NHS Improvement and Care Quality Commission Use of Resources: assessment framework

Standing Financial Instructions

Appendix A


Board of Directors
Audit and Risk Committee
Finance, Investment and Cash Committee
People and Organisational Development Committee
Quality Committee
Remuneration and Appointment Committee
EFCD Compliance & Governance Group
Operational Cash Group
Transformation Oversight Group
Trust Investment Group
Financial Improvement Group

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.

Appendix C

Key Assurance Responsibilities

The committee's key assurance responsibilities are:

Financial planning and performance	Reviewing whether the Trust's longer-term and annual financial and capital plans support the achievement of the Trust's objectives, and whether any corrective action proposed is adequate and effective.
Relevant Reports/Papers:	• Committee Chair's Report to the Board • Integrated Delivery Plan Reports • Finance Reports • Capital Programme Updates • Productivity, Cost Base and Benchmarking Reports • Budget Setting, Annual and Medium-Term Plans • UHS Pharmacy Limited Annual Assurance Report • Wessex Procurement Limited Performance Reviews • Reports from External Consultants • Reports from the external or internal auditors • Committee Terms of Reference
Cash Management	Reviewing and maintaining oversight of the Trust's overall cash position.
Relevant Reports/Papers:	• Cash Forecasts • Better Payment Practice Code
Transformation and Cost Improvement Programme	Reviewing the effectiveness of the Trust's Cost Improvement Programme and ensuring that the programme aligns with the Trust's annual financial plan.
	Reviewing the effectiveness of the Trust's Transformation programme in place and ensuring that the programme aligns with the Trust's strategic objectives.
Relevant Reports/Papers:	• Financial Improvement Updates • Transformation Programme Updates
Investment	Reviewing whether the outcomes and benefits are clearly defined in business cases and that these are measurable and support achievement of the Trust's objectives.
	Conducting post-implementation reviews to assess benefits realisation.
Relevant Reports/Papers:	• Business Cases • Standing Financial Instructions
Digital	Reviewing and overseeing the delivery of the Trust's plans for Digital funding to ensure that they align with the Trust's objectives.
Relevant Reports/Papers:	• UHS Digital Quarterly Reports
Estates	Reviewing and overseeing the delivery of the Trust's plans for Estates, Facilities and Capital Development to ensure that they align with the Trust's objectives.
Relevant Reports/Papers:	• Estates, Facilities and Capital Development Quarterly Reports • UHS Estates Limited Assurance Reports
Risk	Monitoring the Trust's financial risks and risks to the delivery of the Trust's digital or estates, facilities and capital development plans, and reviewing effectiveness of the controls and mitigations.
Relevant Reports/Papers	• Board Assurance Framework
Reporting	Reviewing key financial submissions prior to Board approval.
	Reviewing the National Cost Collection Index.

Relevant Reports/Papers	• Annual and Medium-Term Plans • Productivity and Benchmarking Reports

Expected Assurance Outputs

The committee's expected assurance outputs are:

Financial planning and performance	Reporting on the Trust's progress against its annual and longer-term financial and capital plans.
	Reporting concerns in relation to the Trust's long-term and annual financial and capital plans via the Committee Chair.
Cash management	Reporting on the Trust's cash position and making recommendations to the Board in relation to any requirement to apply for additional cash support.
Transformation and Cost Improvement Programme	Reporting to the Board on the Trust's progress against its Cost Improvement Programme and Transformation programmes and highlighting any concerns in relation to delivery of these.
Investment	Making recommendations to the Board as to whether to approve business cases.
Digital	Making recommendations to the Board as to whether to approve proposed investments in Digital.
	Reporting concerns in relation to the Trust's Digital plans via the Committee Chair.
Estates	Making recommendations to the Board as to whether to approve proposed investments in Estates. Facilities and Capital Development.
	Reporting concerns in relation to the Trust's Estates, Facilities and Capital Development plans via the Committee Chair.
Risk	Reporting to the Board in respect of the effectiveness of the controls and mitigations in relation to the risks within the Committee's remit.
Reporting	Making recommendations to the Board in relation to financial submissions to national bodies.

Inter-Committee Relationships

The chair of the Audit & Risk Committee shall be a member, but not chair, of the Finance, Investment and Cash Committee.

The Finance, Investment and Cash Committee shall 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.

Risk Oversight Expectations

Board Assurance Framework Risk	Oversight
1a: Lack of capacity to appropriately respond to emergency demand, manage the increasing waiting lists for elective demand, and provide timely diagnostics, that results in avoidable harm to patients.	N
1b: Due to the current challenges, we fail to provide patients and their families / carers with a high-quality experience of care and positive patient outcomes.	N
1c: We do not effectively plan for and implement infection prevention and control measures that reduce the number of hospital-acquired infections and limit the number of nosocomial outbreaks of infection.	N
2a: We do not take full advantage of our position as a leading University teaching hospital with a growing, reputable, and innovative research and development	N

portfolio, attracting the best staff and efficiently delivering the best possible treatments and care for our patients.	
3a: We are unable to meet current and planned service requirements due to the unavailability of staff to fulfil key roles.	N
3b: We fail to develop a diverse, compassionate, and inclusive workforce, providing a more positive staff experience for all staff.	N
3c: We fail to create a sustainable and innovative education and development response to meet the current and future workforce needs identified in the Trust's longer-term workforce plan.	N
4a: We do not implement effective models to deliver integrated and networked care, resulting in sub-optimal patient experience and outcomes, increased numbers of admissions and increases in patients' length of stay.	N
5a: We are unable to deliver a financial breakeven position, resulting in: inability to move out of the NHS England Recovery Support Programme, NHS England imposing additional controls/undertakings, and a reducing cash balance impacting the Trust's ability to invest in line with its capital plan, estates/digital strategies, and in transformation initiatives.	Y
5b: We do not adequately maintain, improve and develop our estate to deliver our clinical services and increase capacity.	Y
5c: Our digital technology or infrastructure fails to the extent that it impacts our ability to deliver care effectively and safely within the organisation,	Y
5d: We fail to prioritise green initiatives to deliver a trajectory that will reduce our direct and indirect carbon footprint by 80% by 2028-2032 (compared with a 1990 baseline) and reach net zero direct carbon emissions by 2040 and net zero indirect carbon emissions by 2045.	N

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