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# Operational Risk Report

Charitable Funds Committee – 17<sup>th</sup> March 2026

# Situation



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This report provides the Charitable Funds Committee (CFC) with the current status of the risks, audits and inspections recommendations, Welsh Health Circulars (WHCs) and Ministerial Directions (MDs) within its remit. The Committee is asked to seek assurance from Lead Executive Directors that risks are being managed effectively, and that recommendations from audit and inspections, WHCs and MDs are being implemented by the Health Board.

Principal Risks:  
0

Corporate Risks:  
0

Operational Risks  
1

Audit and Inspection  
Reports  
0

Welsh Health  
Circulars  
0

Ministerial Directions  
0

# Risk Management - Overview



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Effective risk management requires a 'monitoring and review' structure to be in place to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place.

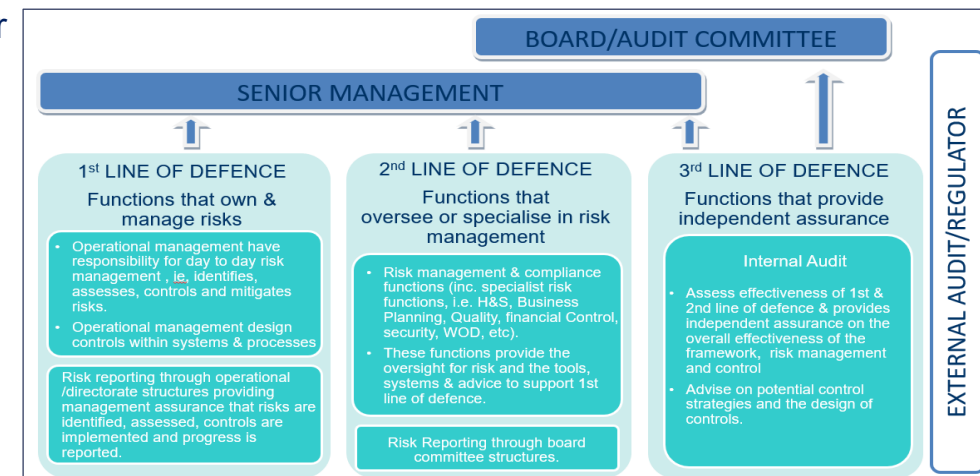
Operational risks must be managed within Functions, under the ownership and leadership of individual executive directors, who must establish local arrangements for the review of their risk registers, which includes the validation of the information and risk scores, and the prioritisation and identification of solutions to their risks. In addition to these local arrangements, there are formal monitoring and scrutiny processes in place within the Health Board with the aim of providing assurance to the Board that it is managing its risks effectively.

The Health Board operates within the widely accepted "Three Lines of Defence" model to ensure the appropriate responsibility is allocated for the management, reporting and escalation of risk.

All risks identified within the Datix Risk Module must be aligned to a formal Board Committee, Sub-Committee or Group who are responsible for the monitoring and scrutiny of risks which relate to their remit.

The Sub-Committee and Group structure is responsible for the monitoring and scrutiny of operational risks within their remit. They are responsible for:

- Scrutinising operational risks within their remit either through receiving the risk registers or through Service Reports
- Gaining assurance that risks are being appropriately managed, effective controls are in place and planned additional controls are being implemented.
- Challenging pace of delivery of risk actions.
- Identifying through discussions, new and emerging risks and ensure these are assessed by those with the relevant responsibility.
- Providing assurance to its parent committee that risks are being managed effectively and report risks which have exceeded tolerance through its Sub-Committee/Group update report.
- Using risk registers to inform meeting agendas.



It is therefore essential that the membership of these sub-committees includes the appropriate representation and that they are in attendance to provide assurance and respond to queries.

# Operational Risks assigned to CFC



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1 operational risk on Datix has been aligned to the Charitable Funds Committee (CFC), which is within review date and has been identified as reportable to CFC based on the following criteria:

- The CFC has been selected by the risk lead as the 'Assuring Committee' on Datix;
- The risk has been identified at operational level on the Datix risk module;
- The current risk score is 'extreme' or 'high'; and
- The current risk score is either equal to or exceeds the target risk score.

Total Number of Open Risks meeting criteria for reporting	1
New risks since last report to CFC	0
Closed risks since last report to CFC	0
Increase in risk score since last report to CFC ↑	0
Decrease in risk score since last report to CFC ↓	0
No change in risk score since last report to CFC →	1
EXTREME (RED) Risks (based on 'Current Risk Score')	0
HIGH (AMBER) Risks (based on 'Current Risk Score')	1

The following slide summarises the operational risk aligned to CFC. The Risk Register attached at Appendix 1, provides full detail of the reportable risk, including control measures in place and the risk action plan to further manage and mitigate the risk.

# Operational Risk assigned to CFC

- No Change in Risk Score since last report



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Risk Reference & Title	Lead Director	Current Risk Score	Target Risk Score (TRS)	Expected Date to Achieve TRS
<b>2045</b> - Risk of the Health Board not being able to sustain a paid fundraising function for its charity due to low returns on investment (ROI)	Director of Nursing, Quality and Patient Experience	<b>12</b> → (Reviewed 30/01/26)	<b>12</b>	31/12/2025 31/12/2026

## Rationale for Current Risk Score (CRS)

The charity's financial performance for Quarter Two was reported to the December 2025 Charitable Funds Committee, where an 11% increase in income for the period was noted. However, despite all the current control measures in place, the risk score remains high due to the unpredictable nature of charitable income.

## Rationale for Target Risk Score (TRS)

The date expected to achieve the target risk score has been extended from December 2025 to December 2026, as the nature of charitable giving is unpredictable, and it is difficult to predict annual charitable income levels.

The committee is requested, in relation to the areas presented in this paper, to:

## Risk Management

- **RECEIVE ASSURANCE** that identified controls are in place and working effectively; and
- **RECEIVE ASSURANCE** that all planned actions are credible and deliverable, and in line with agreed plans, and will be implemented within stated timescales and will reduce risks further and/or mitigate the impact should risks materialise.



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Risk Ref	Clinical Care Group / Executive Function	Clinical Service Group / Executive Function Service	Clinical Service Sub-Group / Executive Function Service	Executive Director	Clinical Care Group Director / Executive Function Lead	Clinical Service Group Lead / Executive Function Service Lead	Clinical Service Sub-Group Lead / Executive Function Service Lead	Date risk identified	Risk Statement	Existing Control Measures Currently in Place	Domain	Current Likelihood	Current Impact	Current Risk Score	Rationale for Current Risk Score	Additional Risk Action Required	By Whom	By When	Progress Update on Risk Actions	Lead Committee	Target Likelihood	Target Impact	Target Risk Score (tolerable score)	Rationale for Target Risk Score	Date expected to achieve target risk score	Detailed Risk Decision	Review date
2045	Director of Nursing, Quality and Patient Experience	Nursing, Quality and Patient Experience	NQPE: Charitable Funds	Daniel, Sharon	Daniel, Sharon	Llewelyn, Nicola	Llewelyn, Nicola	13-Dec-24	<p>There is a risk of of HDdUHB not being able to sustain a paid fundraising function for its charity.</p> <p>This is caused by the increased investment in fundraising costs since 2021/22 and the level of charitable income generated by the charity resulting in variable levels of ROI (return on investment).</p> <p>This will lead to an impact/affect on 1. The charity's ability to sustain its current staffing structure.                      2. The charity's ability to generate income from proactive fundraising activities in future years.                      3. Staff wellbeing and morale: Fundraising staff may disengage and lose motivation if there is uncertainty regarding the sustainability of the team.                      4. Loss of confidence if key stakeholders (NHS staff, public, donors) do not feel that the charity is using its resources efficiently.                      5. The charity's ability to improve experiences for, and make a positive difference to, the health and wellbeing of Health Board's patients, service users and staff due to reduced resources.</p> <p>Risk location, Health Board wide.</p>	<ol style="list-style-type: none"> <li>1. Review of the charity's fundraising and communications activities, including an assessment on the return on investment of fundraising costs, submitted to the December 2024 Charitable Funds Committee meeting for discussion.</li> <li>2. Charitable income and financial performance reported to the CFC on a quarterly basis for scrutiny.</li> <li>3. Financial reports submitted to the CFC include a comparison of the charity's performance against a sector wide recognised benchmark/ratio for return on investment.</li> <li>4. Annual work plans submitted to the CFC on an annual basis for consideration and approval.</li> <li>5. Progress reports on the annual work plan submitted to the CFC on a quarterly basis.</li> <li>6. Income reports produced by the Finance team on a monthly basis for scrutiny by the Head of Hywel Dda Health Charities (HDdHC) and Fundraising Team.</li> <li>7. Agreement to not fill the vacant positions (x2) within the fundraising/communications team without Executive Director consideration and approval when income levels have stabilised or increased.</li> <li>8. Fundraising Manager has monthly 1-2-1s with the fundraising team to discuss operational issues and progress against the fundraising workplan.</li> <li>9. Senior Communications Officer has monthly 1-2-1s with the Communications Assistant to discuss operational issues and progress against the communications workplan.</li> <li>10. Head of Hywel Dda Health Charities has a monthly 1-2-1 with the Fundraising Manager and Senior Communications Officer to discuss operational issues and progress against the workplan.</li> <li>11. Further analysis of the charity's performance undertaken during quarter 2 and presented to the Business Executive Team on 9 July 2025.</li> </ol>	Finance inc. claims	3	4	12	<p>The charity's financial performance for quarter 2 was reported to the December 2025 Charitable Funds Committee, where an 11% increase in income for the period was reported.</p> <p>However, with all the current control measures in place, the risk score remains high due to the unpredictable nature of charitable income.</p>	Review of the impact of holding two vacancies within the fundraising team to be undertaken and the findings presented to the Executive Team.	Llewelyn, Nicola	31/01/2026 31/03/2026	Further analysis of the charity's performance was undertaken during quarter 2 and presented to the Business Executive Team on 9 July 2025. The Executive Team discussed the charity's current running costs, current and previous income levels and the benchmarking data on fundraising performance. The Executive Team requested that a review of the impact of existing vacancies within the team be undertaken and this will be presented to Business Executive Team on 25th February 2026 to present the paper.	Charitable Funds Committee	3	4	12	The nature of charitable giving is unpredictable and it is difficult to predict annual charitable income levels.	31-Dec-25	Treat	30-Jan-26