

## CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

<b>DYDDIAD Y CYFARFOD:</b> <b>DATE OF MEETING:</b>	20 March 2023
<b>TEITL YR ADRODDIAD:</b> <b>TITLE OF REPORT:</b>	Draft Charitable Funds Committee Annual Assurance Report 2022/23
<b>CYFARWYDDWR ARWEINIOL:</b> <b>LEAD DIRECTOR:</b>	Delyth Raynsford, Charitable Funds Committee Chair
<b>SWYDDOG ADRODD:</b> <b>REPORTING OFFICER:</b>	Mandy Rayani, Director of Nursing, Quality & Patient Experience

<b>Pwrpas yr Adroddiad (dewiswch fel yn addas)</b> <b>Purpose of the Report (select as appropriate)</b>
Ar Gyfer Penderfyniad/For Decision

<b>ADRODDIAD SCAA</b> <b>SBAR REPORT</b>
<b><u>Sefyllfa / Situation</u></b>
<p>The purpose of this paper is to present the Charitable Funds Committee's (CFC) Annual Report for 2022/23 to the Board, and in recognition of the Board's role as Corporate Trustee of the charitable funds held by the University Health Board.</p> <p>The Annual Report outlines how the CFC has complied with the key responsibilities set through its terms of reference and identifies key areas of work intended to provide further assurance that the Committee's terms of reference are being adequately discharged.</p>
<b><u>Cefndir / Background</u></b>
<p>Hywel Dda University Health Board (HDdUHB) was appointed corporate trustee of the charitable funds by virtue of Statutory Instrument 2009 No. 778 (W.66), with the Board serving as its agent in the administration of the charitable funds held by HDdUHB.</p> <p>In accordance with HDdUHB's Standing Orders and Scheme of Delegation, the Board has nominated a committee to be known as the Charitable Funds Committee, established as a Committee of HDdUHB, and constituted from 22 July 2010.</p> <p>HDdUHB holds charitable funds as sole corporate trustee, and Board Members, whilst not 'trustees' in their own right, are jointly responsible for the management of those charitable funds.</p> <p>The charitable funds linked to HDdUHB are independent of the 'exchequer' funds of HDdUHB and must be managed separately. The Charity Commission has regulatory responsibility for ensuring the proper management of these funds.</p>

The purpose of the CFC is to 'make and monitor arrangements for the control and management of the HDdUHB's charitable funds, within the budget, priorities and spending criteria determined by the Board and consistent with legislative framework'.

This paper outlines the governance arrangements in place to ensure that the Committee's terms of reference are adequately discharged and that our registered charity, Hywel Dda Health Charities, operates to a high standard with limited exposure to any kind of risk, both financial and non-financial.

## Asesiad / Assessment

The CFC Annual Report 2022/23 is intended to outline how the Committee and its Sub-Committee has complied with the duties delegated by the Board through the terms of reference set, and also to identify key actions that have been taken to address issues within the Committee's remit.

The CFC has been established under Board delegation with the current terms of reference being approved by the Board at its meeting on 28 July 2022.

These terms of reference clearly detail the Committee's purpose to provide assurance to the Board in its role as corporate trustee of the charitable funds held and administered by HDdUHB. The Committee is required to make and monitor arrangements for the control of the Board's charitable funds, within the budget, priorities and spending criteria determined by the Board, and consistent with the legislative framework.

### **1. Key Responsibilities**

In discharging its role, the Committee is required to oversee and monitor implementation against the following areas of responsibility:

- Within the budget, priorities and spending criteria determined by the UHB as trustee, and consistent with the requirements of the Charities Act 2011 (or any modification of these acts) to apply the charitable funds in accordance with its respective governing documents.
- Devise, implement and approve appropriate procedures and policies to ensure that fundraising and accounting systems are robust, donations are received and coded as instructed and that all expenditure is reasonable, clinically and ethically appropriate.
- Ensure that the UHB policies and procedures for charitable funds investments are followed.
- In addition, make decisions involving the sound investment of charitable funds in a way that both preserves their value and produces a proper return consistent with prudent investment and ensuring compliance with:
  - Trustee Act 2000
  - The Charities Act 2011
  - Terms of the fund's governing documents.
- Receive at least twice a year reports for ratification from the Director of Finance and investment decisions and action taken through delegated powers upon the advice of the HDdUHB's investment adviser.
- Oversee and monitor the functions performed by the Director of Finance as defined in the UHB's Standing Financial Instructions.
- Monitor the progress of Charitable Appeal Funds where these are in place and considered to be material.

- Seek assurance on delivery against Planning Objectives aligned to the Committee, considering and scrutinising the programmes and processes that are developed and implemented, supporting and endorsing these as appropriate (PO 2E).
- Monitor and review the UHB's scheme of delegation for Charitable Funds expenditure and to set and reflect in Financial Procedures the approved delegated limits for expenditure from Charitable Funds.
- Oversee the day to day management of the investments of the charitable funds in accordance with the investment strategy set down from time to time by the Trustees, and in accordance with the requirements of the UHB's Standing Financial Instructions.
- The appointment of an Investment Manager (where appropriate) to advise it on investment matters and the delegation of day-to-day management of some or all of the investments to that Investment Manager. The Investment Manager, if appointed, must actively manage the charitable fund on behalf of Trustees. In exercising this power, the Committee must ensure that:
  - The scope of the power delegated is clearly set out in writing and communicated with the person or persons who will exercise it;
  - There are in place adequate internal controls and procedures which will ensure that the power is being exercised properly and prudently;
  - The performance of the person or persons exercising the delegated power is regularly reviewed;
  - Where an investment manager is appointed, that the person is regulated under the Financial Services Act 1986;
  - Acquisitions or disposal of a material nature outside the terms of agreement must always have written authority of the Committee or the Chair of the Committee in conjunction with the Executive Director of Finance.
- Ensure that the banking arrangements for the charitable funds should be kept entirely distinct from the UHB's NHS funds.
- Ensure that arrangements are in place to maintain current account balances at minimum operational levels consistent with meeting expenditure obligations, the balance of funds being invested in interest bearing deposit accounts.
- The amount to be invested or redeemed from the sale of investments shall have regard to the requirements for immediate and future expenditure commitments.
- The operation of an investment pool when this is considered appropriate to the charity in accordance with charity law and the directions and guidance of the Charity Commission. The Committee shall propose the basis to the UHB Board for applying accrued income to individual funds in line with charity law and Charity Commission guidance.
- Obtain appropriate professional advice to support its investment activities.
- Regularly review investments to see if other opportunities or investment services offer a better return.
- Review alternative sources of funding to donations and legacies which could provide the Committee with additional leverage and access to additional funds.
- By giving reasonable notice, require the attendance of any of the officers or employees and auditors of the Board at any meeting.
- The following thresholds are approved in the Charitable Funds Procedure:  
*"Expenditure less than £10,000 shall only need approval by the nominated fund manager. All expenditure in excess of £10,000 and up to £50,000 will require the approval of the Charitable Funds Sub-Committee. Expenditure in excess of £50,000 will require the approval of the Charitable Funds Committee. Expenditure over £100,000 will require the approval of the Corporate Trustee".*

- The following expenditure types also require Charitable Funds Sub-Committee consideration and approval:
  - Unusual or novel expenditure requests under £50,000.
  - Overseas training requests including conferences and seminars requiring the attendance of participants outside of the UK.
  - Higher award and academic studies for which significant benefit to the UHB can be quantified through training and development objectives.
- In addition, the following expenditure types regardless of value require Charitable Funds Committee consideration and approval:
  - Research & development expenditure.
  - Pay expenditure.
  - Requests of any nature resulting in ongoing charitable funds commitment.
- Therefore, items requiring urgent Chair's Action will generally be expenditure on equipment greater than £50,000 value, or anything that falls under the criteria above. All expenditure requests made via Chair's Actions will be considered on a case by case basis, as an exception rather than the rule. The presumption will be that other than equipment (in excess of £50,000) and smaller research projects (up to £25,000), items can be deferred to the next meeting.
- The Chair's decision on which items can be approved outside of the Committee will be final and all items approved outside of the full Committee will be reported to the next Committee meeting for ratification.
- The Committee will seek assurance on the management of principal risks within the Board Assurance Framework and Corporate Risk Register allocated to the Committee and provide assurance to the Board that risks are being managed effectively and report any areas of significant concern e.g. where risk tolerance is exceeded, lack of timely action, etc.
- Recommend acceptance of risks that cannot be brought within the UHBs risk appetite/tolerance to the Board through the Committee Update Report.

## **2. Charitable Funds Sub-Committee**

There is currently one Sub-Committee reporting to the CFC; the Charitable Funds Sub-Committee (CFSC), which has been constituted from 1 April 2017.

The Sub-Committee was established following a review of charitable funds governance arrangements at a local level to provide assurance to the CFC that HDdUHB's policies and procedures are followed in relation to the control and management of our named charitable funds.

During 2022/23, the Sub-Committee has met on four occasions:

- 3 May 2022
- 5 July 2022 – meeting stood down due to operational pressures.
- 6 September 2022
- 8 November 2022
- 17 January 2023
- 7 March 2023 – meeting stood down due to no expenditure requests to review

The operational responsibilities of the Sub-Committee are to:

- Provide scrutiny with a view to approving or rejecting all requests for expenditure over £10,000 and under £50,000 against named charitable funds, within the scheme of delegation for authorisation of charitable funds expenditure.
- Consider and recommend for approval requests for expenditure over £50,000 against named charitable funds, within the scheme of delegation for authorisation of charitable funds expenditure.
- Provide scrutiny and onward assurance to the Charitable Funds Committee on charitable expenditure.
- Provide scrutiny with a view to approving or rejecting to all unusual or novel expenditure requests under £50,000, and any expenditure requests resulting in ongoing charitable funds commitment, prior to Charitable Funds Committee consideration.
- Overseas training requests including conferences and seminars requiring the attendance of participants outside of the UK.
- Higher award and academic studies for which significant benefit to the UHB can be quantified through training and development objectives.
- Consider with a view to approving or rejecting all requests for the establishment of new charitable funds.
- Provide quarterly written updates to the Charitable Funds Committee.

## **2.1 Sub-Committee Feedback**

The Sub-Committee is required to report to the CFC on a quarterly basis to provide assurance that it is exercising its duties in line with its terms of reference. During 2022/23, the CFC received quarterly written reports from the Sub-Committee highlighting the key areas of work scrutinised, key risks, issues, and matters of concern.

This included:

### Sub-Committee Update to the June 2022 CFC meeting

The Committee received the CFSC update report providing a summary of the CFSC's activity between 10 January and 3 May 2022.

- The Committee was informed that the Head of Capital Planning, Capital Programme Manager and Head of Hywel Dda Health Charities met to discuss capital priorities that could potentially be supported from charitable funds during 2022/23. It was agreed that details of current unfunded capital bids are to be mapped against available charitable funds for discussion with the relevant fund managers. It was acknowledged that these conversations would continue during 2022/23 with capital and operations colleagues and that any relevant updates would be provided to the Sub-Committee if appropriate.
- The Committee was advised that a process will be established within the Finance Business Partnering team to highlight and capture any revenue consequences to HDdUHB at the time a charitable funds purchase is made.
- The annual review of the Sub-Committee's Terms of Reference was undertaken at the 7 March 2022 meeting with amendments to the membership of the CFSC, replacing the Director of Nursing, Quality & Patient Experience with the Assistant Director of Nursing Mental Health and Learning Disabilities, suggested for approval by the CFC. The removal of 'all' from section 5.1.2 was approved due to the fact that not all requests over £50,000 are able to be considered by the CFSC prior to submission to the CFC due to the scheduling of meetings.
- Four requests were approved by the Sub-Committee at a combined value of £107,934.34.

- The Sub-Committee also ratified the approval of two requests, approved via Chair's Actions, at a combined value of £29,878.

#### Sub-Committee Update to the September 2022 CFC meeting

The Committee received the CFSC Update Report providing a summary of the CFSC's activity between 4 May and 6 September 2022.

- The CFSC approved amendments to the Sub-Committee's Terms of Reference that had been made as a result of a review of the Charitable Funds Committee's Terms of Reference. The amendments to section 5.1.4 of the document, regarding the responsibilities of the CFSC, were highlighted to members and approved accordingly:
  - *5.1.4 Providing scrutiny with a view to approving or rejecting:*
    - *All unusual or novel expenditure requests of any value under £50,000;*
    - *Any expenditure requests resulting in ongoing charitable funds commitment, prior to Charitable Funds Committee consideration.*
    - *Overseas training requests including conferences and seminars requiring the attendance of participants outside of the UK.*
    - *Higher award and academic studies for which significant benefit to the UHB can be quantified through training and development objectives.*
- The Sub-Committee received a presentation from the Finance team, providing an overview of key principles in relation to managing any ongoing maintenance costs from charitable funds purchases, thus ensuring that requesting departments are aware of their obligations regarding on-going maintenance. With regard to replacement equipment, the Committee was advised that maintenance costs will continue to be funded from departmental revenue or medical device maintenance budget as per previous arrangements, with the relevant Finance Business Partner to confirm provision made to cover and specify cost centre to be charged. The Committee was advised that, if there is no cash benefit, the Use of Resources Group should be asked to consider any new investment, prior to charitable funds consideration.
- Three requests were approved by the Sub-Committee at a combined value of £13,355.40.
- The Sub-Committee ratified the approval, via Chair's Action, of 11 higher awards expenditure requests for the 2022/23 academic year totalling £36,870 for 20 individual staff members. The Committee received assurance that all higher award applications that were supported from charitable funds had been approved by the Higher Awards Panel as eligible studies, in line with the Health Board's Learning & Development Policy and charitable funds eligibility criteria. The Committee noted that the Committee's Executive Lead would liaise with the Director of Workforce and Organisational Development to discuss equality and diversity with regard to the application and approval process of higher awards via the People, Organisational Development and Culture Committee (PODCC).
- The Sub-Committee also ratified the approval of an overseas conference request, approved via Chair's Action, due to the Sub-Committee meeting on 5 July 2022 having been stood down, at a value of £1,850.

#### Sub-Committee Update to the November 2022 CFC meeting

The Committee received the CFSC Update Report providing a summary of the CFSC's activity between 6 September and 8 November 2022.

- A request for the establishment of a new charitable fund was approved by the Sub-Committee for the Adult Attention Deficit Hyperactivity Disorder (ADHD) Service (Mental Health and Learning Disabilities Directorate) to support expenditure above and beyond

core NHS budgets to enhance the services provided to ADHD service users and staff associated with the service. The Committee raised concern regarding the Sub-Committee's approval of the request for the establishment of a new charitable fund. The Committee received assurance that, as the request for the establishment of a new charitable fund for the ADHD service has already been approved by the CFSC, contact will be made with the Director of MHL D to understand their rationale for the request and to understand how they can support the streamlining of funds, as identified within the charity's strategic approach. Via the Table of Actions presented to the March 2023 CFC meeting, the Committee received assurance that donations for this service will be aligned to an existing charitable fund. Further assurance was received at the March 2023 CFC meeting regarding the development of a framework to review the appropriateness of each individual fund.

- Two requests were approved by the Sub-Committee at a combined value of £27,900. A further request, approved via Chair's Action during this reporting period, taking place outside of the cycle of CFSC meetings, was ratified at the November 2022 CFSC meeting, at a value of £2,268.

#### Sub-Committee Update to the March 2022 CFC meeting

The Committee received the CFSC Update Report providing a summary of the Charitable Funds Sub-Committee's (CFSC) activity between 9 November 2022 and 7 March 2023.

- Three requests were approved by the Sub-Committee at a combined value of £26,092.71. A further request, approved via Chair's Action during this reporting period, taking place outside of the cycle of CFSC meetings, was ratified at the January 2023 CFSC meeting, at a value of £1,404.
- Although there were no requests for the establishment of a new charitable fund received during this reporting period, feedback was provided to members from the CFC meeting held on 28 November 2022.
- Members were advised that concerns were raised by the CFC regarding the CFSC's decision to approve a request to create a new charitable fund for the adult ADHD service within the MHL D Directorate. Although the request had been approved by the CFSC, CFC members did not agree with the rationale for the request due to the limited focus of the fund. It was also felt that the request for the new fund did not align with the CFC's objective of streamlining funds to move to a structure where more 'general' funds are created to offer services more flexibility on how charitable donations can be used.

## **2.2. Investment Sub-Committee**

In November 2021, the Committee was advised that the proposed establishment of the new Sub-Committee is as a result of discussions held at the previous Committee meeting in regard to working more closely with the Hywel Dda Health Charities investment advisors to explore the benefit to patients and the population from investment returns. However, due to delays in identifying an Independent Advisor for the Sub-Committee, the Committee noted, at its meeting in November 2022 that the Sub-Committee will hold its initial meeting in February 2023 and that the Terms of Reference would be presented to the Committee for approval, once available. Consequently, the Sub-Committee has not submitted an annual report for 2022/23. *\*Further update to be provided following the March 2023 CFC meeting*

## **3. Membership of the Charitable Funds Committee**

From the terms of reference approved in July 2022, the membership of the Committee was agreed as the following:

- Independent Member (Chair)
- Independent Member (Vice-Chair)
- 3 x Independent Members
- Chief Executive
- Director of Finance
- Director of Nursing, Quality and Patient Experience (Lead Director for Hywel Dda Health Charities).

In attendance:

- Assistant Director of Finance (Finance Systems and Statutory Reporting)
- Senior Finance Business Partner (Accounting & Statutory and Reporting)
- Chair of the Charitable Funds Sub-Committee
- Head of Hywel Dda Health Charities
- Staff Side Representative.

The Committee's membership ensures that HDdUHB's charitable funds are managed by a clearly identifiable body of people (as the corporate trustee) who take responsibility for the management and control of the funds.

#### 4. Meetings

Since April 2022, CFC meetings have been held on four occasions and were quorate at each:

- 6 June 2022
- 26 September 2022
- 28 November 2022
- 20 March 2023

#### 5. Reporting to the Board

As the CFC is directly accountable to the Board for its performance, following each meeting it provides an assurance to the Board through a formal written update report, which is presented to the subsequent Committee meeting for information. These reports highlight any significant matters which require the Board's attention and are also used to request Corporate Trustee ratification of any relevant decisions made by the Committee. The Committee provided update reports to the Board during 2022/23 on the following dates:

- 28 July 2022
- 24 November 2022
- 26 January 2023
- 30 March 2023

#### 6. Matters Escalated to Board

- At the June 2022 CFC meeting, the Committee escalated the following risk to the Board for consideration: Risk 1373: *Risk that the charity will not sustain its income levels or meet its income generation target of +10% annually*, which is associated with the delivery of the Hywel Dda Health Charities Planning Objective 2E for 2021/22. Assurance was received that the identified mitigating actions are being put in place to minimise or reduce the likelihood of significant impact occurring, with the recommendation that a deep dive on the fundraising and targeting of guaranteed and cyclical funds be presented to the September 2022 Committee meeting. At the September 2022 CFC meeting, the Committee discussed and approved the closure of Risk 1373 and for a risk-based approach to be undertaken to manage any future



issues that may arise relating to the risk at an operational level with appropriate management actions. This in turn will enable the CFC to provide the necessary assurance to the Board, or otherwise, that the Health Board is managing any risks effectively.

- At the November 2022 CFC meeting, the Committee escalated concern regarding delay to the transfer of the charity's portfolio from Sarasin & Partners LLP to CCLA. However, the Committee received assurance that a report presenting a timeline and lessons learnt from this process will be presented to the March 2023 CFC meeting.
- At the November 2022 CFC meeting, the Committee also escalated concern regarding the Hydrotherapy Pool: JC Williams (Elizabeth Williams Endowment) Trust Fund, advising that the Trust accounting process with the US courts is ongoing and that a lack of regular communication from PNC means that it is not possible to confirm a timeframe for the completion and release of funds. \* *Further narrative to be added following March 2023 meeting.*

### **6.1 Matters Requiring Board Level Decision or Approval**

- At the June 2022 CFC meeting, the Terms of Reference for the Committee were agreed and presented to the Board for approval on 28 July 2022.
- At the June 2022 CFC meeting, the Committee requested Board ratification, in its role as Corporate Trustee, of the Committee's decision to approve an additional governance and support costs budget of £34,224 for the 2022/23 financial year.
- At the September 2022 meeting, the Committee requested Board ratification, in its role as Corporate Trustee, of the Committee's decision to approve the application for £192,976.72 of charitable funding from the T460 Pembrokeshire Cardiology Equipment Fund to support the purchase of two echocardiography machines.
- At the extraordinary CFC meeting held on 26 January 2023, the Committee approved the Hywel Dda Health Charities Annual Report and Accounts for 2021/22. The Annual Report and Accounts 2021/22 will be presented to the University Health Board at the public meeting on 30 March 2023 for discussion in its role as Corporate Trustee. The Auditor General for Wales has confirmed that Charitable Funds Committee approval of the accounts and annual report is sufficient with Board approval not required as the Charitable Funds Committee (in line with NHS Wales guidance) has sufficient delegated powers.
- At the March 2023 CFC meeting, the Committee requested Board ratification, in its role as corporate trustee, of the Committee's decision to approve the charity's 2023/24 governance and support costs budget of £524,755, presented to the Charitable Funds Committee at its meeting on 20 March 2023.

### **7. Committee Terms of Reference and Principal Duties**

In discharging its duties, the CFC has undertaken work during 2022/23 against the following areas of responsibility:

#### **7.1 Financial Control**

The Financial Procedure 420 - Charitable Funds: Financial Administration and Governance Procedure, which includes expenditure guidelines, is in place to ensure that there are sufficient management controls to provide assurance that:

- Spending is in accordance with objects and priorities agreed by the CFC.
- Criteria for spending charitable monies are fully met.
- Accounting records are maintained.

- Devolved decision making is within specified parameters.

At its meeting in June 2022, the Committee received the Policies and Procedures Relating to Charitable Funds report, and approved the proposed additions to the Charitable Funds Financial Administration and Governance Procedure. The Committee was advised that Health Charities must provide justification when rejecting charitable donations and therefore, the procedure will ensure that any decision is well documented. The Committee was informed that, following CFC discussion and consideration, the Procedure's equality impact assessment will be reviewed with the support of the HDdUHB Senior Diversity and Inclusion Officer. The Procedure will then be submitted to the HDdUHB Policy Co-Ordination Officer for the consultation stage where HDdUHB staff will be invited to comment on the proposed additions to the report. Mrs Llewelyn advised that, following the consultation stage, there will then be a requirement for the Chair of the CFC, via Chair's Action, to approve the final version of the Procedure and equality impact assessment.

HDdUHB's Standing Financial Instructions cover the charity in so far as it is possible. However, where it is not possible to follow the Standing Financial Instructions, prior authority needs to be sought through the Committee and ratified by the Board.

Charitable Funds are managed through HDdUHB's Oracle finance system in line with the Health Board's financial procedures. Internal Audit and Audit Wales conduct annual audits of the financial procedures in place.

Internal staff expertise ensures that all Charity Commission requirements and changes are adhered to and reported to the CFC as they occur.

### **7.2 Agreed Spending Objectives and Charitable Expenditure**

Charity law recognises 'the relief of those who are ill including the support of those who care for the sick' as a charitable purpose. HDdUHB's charitable funds must therefore only be utilised to support activity over and above its NHS responsibilities by providing additional benefits to frontline healthcare.

Every request for charitable expenditure must be approved by staff with the necessary authorised limits before being passed on to the Finance team for assessment and final authorisation. The Charity has implemented a Charitable Funds Expenditure Eligibility Criteria document, providing clarification on what is considered eligible and ineligible expenditure relating to staff benefit to ensure that the intended charitable outcome is not too remote from the immediate and direct effect of the expenditure on NHS patients.

Expenditure over £50,000 and expenditure under £50,000 which is unusual or contentious, is presented to the CFC as it arises, and is discussed and agreed prior to being committed.

### **7.3 Resources to Maintain Management and Control of Charitable Funds**

Staff are employed by HDdUHB to ensure the effective management and operations of its charitable funds. Salary costs are reclaimed from the charity's resources to support the following duties:

- Maintenance of accounting systems
- Production of annual accounts
- Compilation of management information
- Scrutiny of expenditure proposals to ensure propriety

- Preparation of committee papers
- Fundraising and support to internal and external stakeholders

The Committee considers these costs on an annual basis when a report is submitted at the final meeting of each financial year to seek approval to cover both pay and non-pay costs associated with the running of the charity.

#### **7.4 Risk Management**

The Chief Executive and Director of Finance are accountable for financial control. The Director of Finance is responsible for maintaining an effective system of internal financial control. The minimum control standards laid down by Welsh Government have been in existence throughout the financial year. The minimum control standards apply equally to the management of the charity by officers of the UHB as to the exchequer funds of the UHB. In this way the major risks to which the charity is exposed have been reviewed and systems have been established to mitigate those risks.

At the June 2022 meeting, the Committee received the CFC Risk Register report, noting the new risk (Risk 1373) relating to sustaining and increasing the charity's income levels. The Committee was advised that the risk score remains at 12 due to the fact that it is too early into the financial year to determine whether the risk actions are having a positive impact on the charity's financial position. The risk is being reviewed on a bi-monthly basis and the Committee will receive a further update at the September 2022 meeting. The Committee was reminded that one of the key actions of the Committee's Planning Objective is to develop the charity's longer term strategy, which will include a focus on fundraising, and that it is anticipated that this can be achieved with a development grant from NHS Charities Together for external support/advice. Assurance was received that the identified mitigating actions are being put in place to minimise or reduce the likelihood of significant impact occurring, with the recommendation that a deep dive on the fundraising and targeting of guaranteed and cyclical funds be presented to the September 2022 Committee meeting.

At the September 2022 meeting, the Committee received the CFC Risk Register report, noting Risk 1373 relating to sustaining and increasing the charity's income levels. The Committee discussed and approved the closure of Risk 1373 and for a risk-based approach to be undertaken to manage any future issues that may arise relating to the risk at an operational level with appropriate management actions. This in turn will enable the CFC to provide the necessary assurance to the Board, or otherwise, that the Health Board is managing any risks effectively.

At the November 2022 and March 2023 meetings, no report was provided as there were no risks in the domain of charitable funds.

#### **7.5 Investments and Performance**

The charity retains the services of investment advisors to manage its investment portfolios. Policy is set by the charity trustee in its instruction to its advisors. The advisors are instructed to manage the portfolios to produce both income and capital returns, and manage those funds within the value they retain on the accounts. The charity also holds funds in short term investments that are not managed by the investment advisor. The CFC monitors the performance of the Investment Advisor through the quarterly Integrated Performance Report presented to the Committee.

At its meeting in June 2022, the Committee received an introduction to the new investment advisor, CCLA. In relation to the transfer of assets from the previous investment advisor, Sarasin & Partners LLP, the Committee was advised that the process has begun with an anticipated completion date prior to the September 2022 Committee meeting.

At its meeting in November 2022, the Committee received the Investment Advisor Performance Update from CCLA and were advised that the charity's portfolio has not yet been transferred over to CCLA from Sarasin due to a significant amount of paperwork requested from the outgoing Investment Advisor. The Committee received assurance that the transfer is anticipated to be completed within the next few weeks and that a report outlining the timeline and lessons learnt from this process will be presented to the March 2023 Committee meeting.

*Further narrative to be added following the March 2023 CFC meeting*

### **7.6 Reserves**

The charity has a reserves policy and has defined reserves to be the element of funds that are unrestricted and uncommitted. The charity holds reserves of 10% of the value of its fixed asset investments and £500,000, and shall only fall below to cover losses in value of those investments. In order to maintain the reserves as low as possible, it is important that expenditure plans are developed for all funds. Reserves are needed where there may be insufficient balances in individual restricted and designated funds to meet the objectives of those funds. There is also a need for reserves where there may be a requirement to incur expenditure which is exclusively charitable, and cannot be funded from revenue, for which there is not a relevant fund.

### **7.7 Internal Audit**

Internal Audit undertake annual reviews to evaluate the adequacy of procedures and controls, to ensure compliance, and to provide reasonable assurance over:

- Achievement of management objectives for the systems
- Use of resources in accordance with donor's requirements
- Compliance with policies and procedures
- Safeguarding assets.

No internal audit has been undertaken since July 2020, which provided a substantial level of assurance as to the effectiveness of the system of internal control in place to manage the risks associated with Charitable Funds and was presented to the Committee in September 2020. Internal Audit has advised that the requirement for a Charitable Funds audit is assessed as part of their annual planning process, which is currently underway. Once this process has been completed, they will be able to advise if an audit will be undertaken in the 2023/24 audit year.

### **7.8 Compilation of Annual Report and Accounts**

As part of its delegated role, the CFC reviews, approves and adopts the charity's annual report and accounts on an annual basis. Audit Wales conducts an annual audit of the charity's annual reports and accounts with the outcome reported to the Committee as well as to the Audit and Risk Assurance Committee (ARAC). The annual audit provides assurance that all financial procedures are being adhered to. The 2021/22 annual report and accounts were approved by the CFC at the extraordinary Committee meeting on 26 January 2023 meeting, following the audit undertaken by Audit Wales, prior to presentation to Public Board at its meeting on 30 March 2023 for ratification in its role as Corporate Trustee.

### **7.9 Professional Development**

The Board, as Corporate Trustee, has a sound knowledge of the purpose of the charity and the procedures that govern its operations to fulfil its duties.

All Board Members (Executive Directors and Independent Members) are aware of their statutory duties and responsibilities to the charity and have unrestricted access to officers of the charity to enquire about its activities.

The Committee receives regular updates on relevant changes to charity law and any other areas of interest via verbal updates from staff, papers from the Charity Commission or from the national Healthcare Financial Management Association (Charitable Funds Special Interest Group).

An overview of the charity and roles and responsibilities of the corporate trustee has been developed as part of the formal induction arrangements for new Board Members, led by the Corporate Governance Team, with a more informal induction undertaken by the Head of Hywel Dda Health Charities for new Committee members, when required. The Independent Members Handbook and the newly developed Independent Members Scrutiny Toolkit both include an overview of the responsibility as the Corporate Trustee.

#### **7.10 Integrated Hywel Dda Health Charities Performance Report**

The Committee received an update on the charity's performance and position at the June 2022, September 2022, November 2022 and March 2023 meetings.

At the June 2022 meeting, the Committee was pleased to note the net assets of the charity, as at 31 March 2022, had decreased by £874,994 for the period and that the charity's overall income from donations, grants and legacies has decreased by 60.8% in comparison to income received for the same period in the previous financial year. The Committee was advised that, due to an incorrect figure having been presented at the March 2022 Committee meeting, the Committee recommended for ratification by the Corporate Trustee an additional budget of £34,224 to support the projected governance and support costs for the 2022/23 financial year. Furthermore, in March 2022, the Committee was asked to consider and approve carrying forward the fixed term funding of £37,500 to fund the Communications Assistant. Within the final months of 2021/22, £5,434 of this budget was used to fund this post. The Committee approved the carrying forward of the £32,066 marketing and communications pay budget approved in March 2021 to the 2022/23 financial year to fund the costs of a fixed-term Communications Assistant.

At the September 2022 meeting, the Committee noted that the net assets of the charity, as at 31 July 2022, had increased by £419,536 for the period and that the charity's overall income from donations, grants and legacies has decreased by 248% in comparison to income received for the same period in the previous financial year. In response to a query regarding the reason behind the significant increase in the charity's overall income, particularly in relation to legacies, the Committee was advised of two large pending legacy gifts that were pledged a number of years ago, which the charity is now looking to invest in future legacy campaigns. With regard to donations, the Committee acknowledged that the Bronglais Chemo Appeal led to a significant increase in income levels and recognised the requirement to maintain income levels when considering the charity's strategic direction going forward.

At the November 2022 meeting, the Committee noted that the net assets of the charity, as at 30 September 2022, had increased by £1,503,619 for the period and that the charity's

overall income from donations, grants and legacies has increased by 366% in comparison to income received for the same period in the previous financial year. Expenditure on charitable activities for the period 1st April to 30th September 2022 was £221,770, which represents a 71% decrease in comparison to expenditure for the previous financial year. The Committee was advised that this decrease is due to the figures not reflecting the value of orders raised and not yet receipted, or commitments made for the remainder of this financial year. The Committee received assurance that these costs would be included within future reports to the Committee. With regard to the significant decrease in expenditure for charitable activities, the Committee received assurance that the charity's strategy will explore how resources are invested to encourage innovation and expenditure and how accessibility to funds can be improved. The Committee was advised of ongoing work to unpick the 200+ charitable funding lines within the Health Board and the importance of growing the general fund to ensure that those services who do not have a funding line have access to charitable funds.

At the March 2023 meeting, the Committee noted that the net assets of the charity, as at 31 January 2023, had increased by £1,536,706 for the period and that the charity's overall income from donations, grants and legacies has increased by 283% in comparison to income received for the same period in the previous financial year. Expenditure on charitable activities for the period 1 April 2022 to 31 January 2023 was £744,621, which represents a 50% decrease in comparison to expenditure for the previous financial year. *Further narrative to be added following March 2023 CFC meeting.*

## **8. Chair's Actions**

Outside of Committee meetings, the Chair has delegated authority to act on behalf of the Committee. Chair's Actions typically focus on the approval of items of expenditure over £50,000, as required by the charitable funds approval thresholds. Requests for Chair's Actions are infrequent, however are always accompanied by detailed papers for audit and reporting purposes, with any activity reported back to the next Committee meeting for ratification. During 2022/23, one item regarding the request for charitable expenditure of £2,908 for the Workforce & Organisational Development team to proceed with developing a three month pilot scheme to provide sanitary products for staff in Witherby General Hospital, which was supported in principle at the November 2022 Committee meeting, was considered and approved under Chair's Action, prior to ratification by the Committee at its meeting on 20 March 2023.

## **9. Other areas of responsibility**

During 2022/23, the CFC also received and considered the following:

- The Self-Assessment of Committee Effectiveness (2021/22) Report, comprising the outcomes from the annual self-assessment exercise. The Committee received assurance at its meeting on 28 November 2022 that all actions from the CFC Self-Assessment 2021/22 are either complete or being progressed within the agreed timescales. It was noted that the charity team is currently working on the development of proposed strategic objectives, in the form of a five year plan, which is expected to address a number of the recommendations within the report. Operational work plans were developed, in the context of the objectives, for consideration by the Committee at its meeting on 20 March 2023. The Committee received further assurance that a number of the recommendations within the report will be addressed by way of a 'business as usual' approach being adopted. The Committee noted that an induction/training session from the new investment advisors, CCLA, will be arranged during 2023. A session on the Charities Act 2022 was provided to Members on 13

February 2023.

- Regular update reports relating to assurance on the Health Board's planning objective aligned to the Committee, providing assurance on the current position in regard to the progress of Planning Objective 2E, in order to provide onward assurance to the Board that progress is on track to achieve against its key deliverables. The planning objective states that,

*From April 2022, continue to deliver the objectives of the charity's three-year plan (2020-2023) to further promote awareness of the Health Board's official charity and the opportunities available to raise and use funds to make a positive difference to the health, wellbeing and experience of patients, service users and staff across Hywel Dda University Health Board. As part of this, deliver the charity's marketing and communication plan from 1 April 2022 and undertake a review of the charity's strategic objectives, structure and resources to ensure effectiveness for Board assurance with the aim of developing the charity's longer-term strategy by February 2023.*

At the November 2022 CFC meeting, the Committee received the Planning Objective 2E Deep Dive into the Bronglais Chemo Appeal presentation, providing assurance on the delivery of the Planning Objective aligned to the Committee. The presentation outlined the key achievements of the appeal, including exceeding the appeal target five months ahead of schedule, which was achievable in part to a significant gift of £300,000 from the Moondance Foundation. The Committee was advised of the positive engagement and support from clinical colleagues and the local community, including the success of the charity-led Coastal Path Walk, which raised in excess of £25,000. The Committee acknowledged the collaboration of the charity's Communications team and the Fundraising team on the development of an established and recognised brand for the appeal and noted the importance of maintaining relationships with the frontline service. With regard to the continuation of fundraising for the appeal, the Committee was advised that money is still coming into the appeal and welcomed the news that the charity will be partnering with Aberystwyth University as their charity of the year. However, as the appeal has officially ended, donations will instead support the Chemotherapy Day Unit as a whole.

- With regard to the development of a standalone website for the charity, the Committee was advised at the September 2022 CFC meeting that the initial proposal submitted to Digital Health and Care Wales (DHCW) for a standalone website was rejected due to similar requests of the name nature having previously been rejected. However, following discussions with DHCW, a second request has been made to develop the website based on the current NHS Wales MURA template. Should the proposal not be approved, an external agency outside of NHS Wales will be commissioned to undertake this work at a substantially higher cost. However, the Committee noted that compliance regarding digital accessibility may be a concern if the website is not developed by DHCW.
- At the November 2022 CFC meeting, the Committee received the Hywel Dda Health Charities Strategy 2023-26 report and discussed the proposed objectives to enable operational work plans to be developed, in the context of the strategic objectives, for consideration by the Committee at its meeting in March 2023. The Committee received assurance that the operational work plans to be developed in the context of

the strategic objectives will be focused on raising and distributing funds to make a positive difference to the health, wellbeing and experience of patients, service users and staff across the Health Board

- Examples of charitable funds expenditure and the impact of support. The examples presented included:
  - Specialist Bereavement Support and Training for Staff: At the June 2022 CFC meeting, the Committee received a presentation provided by Ms Julie Brennan, Bereavement Support Manager providing an overview of the project's educational in-reaching sessions to clinical areas and teams where staff are managing the process of death and dying and supporting newly bereaved people. Ms Brennan advised the Committee of the aim, by the end of the pilot, to submit a business plan to provide this training to all members of staff, regardless of their role. The Committee acknowledged that the project demonstrated significant improvements to the patient and staff experience.
  - Paediatric Palliative Care Family Counsellor: At the November 2022 CFC meeting, the Committee received a presentation highlighting the positive impact of charitable funding to the service, staff, patients, and their families. The funding for a Family Counsellor for a two year pilot was approved by the Committee in September 2021. The Committee was advised that a review of all the fragmented bereavement services across the Health Board will be undertaken, and that funding has been received from Welsh Government (WG) to map services, with the aspiration to establish a single bereavement service as a single point of contact for those seeking support. With regard to an exit strategy in place, the Committee received assurance that an update will be presented to the Quality, Safety and Experience Committee in January 2023 to commence discussions on the exit strategy and any further associated funding required to maintain the Family Counsellor role to ensure that families using the service are considered and there is a mechanism in place to continue the provision of bereavement support. The Committee received further assurance that mechanisms are in place for Ty Cymorth to support families if the role does not continue.
  - Lifelong Learning \* *narrative to be added following March meeting.*
- Funding Applications
  - Respiratory Research, Prince Philip Hospital (PPH) – at the September 2022 CFC meeting, the Committee approved the application for the transfer of £10,000 from the Prince Philip Hospital Respiratory Medicine charitable fund (T103) to the Research & Development (R&D) investigator account (1413). The Committee was advised that a research assistant, funded through R&D, has been instrumental in the department's response to COVID-19. The post was originally funded through the commercial trails project; however, commercial trail research has significantly reduced since the pandemic and therefore the post is currently at risk. The Committee received assurance that the monies will be treated in accordance with the research and development procedures governing investigator accounts within Hywel Dda.
  - Period Poverty – at the November 2022 CFC meeting, the Committee supported in principle the application for £2,908 of charitable funding to support the roll out of a three month pilot scheme to provide sanitary products for staff in Withybush General Hospital, subject to the outcome of a conversation with the Interim



General Manager Women and Children's Services. In response to queries about why this pilot was being proposed at only one site, the Committee was advised that there is currently no baseline data available and setting up a pilot on a small scale would also provide an idea of how many sanitary products would be needed. The Committee requested that consideration be given to the overall Women's Health plan for the Health Board, which will apply to both staff and patient well-being, and to other organisations that could potentially support this pilot. The Committee was reminded of the charity's charitable objectives, recognising that the relief of poverty does not fall within these charitable objectives. However, expenditure to support staff wellbeing is considered appropriate when any direct benefit to staff translates to improved patient care. Mindful of the potential challenge to not continue the pilot scheme after the 3 months, and to not roll out to other sites, including non-acute sites, the Committee agreed that, prior to Committee approval of the release of funds, further discussions will be held regarding a possible phased implementation. The request for funds was subsequently approved via Chair's Action.

- Evaluation Reports

- Staff Welfare and Wellbeing: Rest Areas – the Committee received regular updates on progress regarding the allocation of charitable funding approved in November 2021 for the creation and improvement of staff rest areas. At its meeting in June 2022, the Committee received the Staff Welfare and Wellbeing: Rest Areas report, providing assurance that the delay in spending charitable funds identified for the development of staff rest areas is being reviewed. Whilst recognising the challenge associated with the engagement with staff, and variation across services, the Committee noted disappointment that the funds had not yet been spent. Due to such variation between the needs of staff in different services and localities, the proposal is that £50,000 is provided to the Executive Director for Workforce and Organisational Development to support the implementation of the medical fatigue and facilities charter; the remainder of the funding (£162,295) to be shared between each county partnership forum, according to headcount and; decision and responsibility to support rest and recovery will be determined by local county partnerships. The Committee approved the apportionment and allocation of funding, subject to engagement with the County Partnership Forums. *\* to be updated following March 2023 meeting.*
- Trainee Haematology Clinical Nurse Specialist Proposal (Ceredigion and Pembrokeshire) – at the November 2022 meeting, the Committee received the Evaluation Report for the Trainee Haematology Clinical Nurse Specialist Proposal (Ceredigion and Pembrokeshire) and noted the positive impact of charitable funding contribution for part time Trainee Haematology Clinical Nurse Specialist (CNS) posts in Ceredigion and Pembrokeshire to the service, staff and patients. The Committee was advised that recruitment for CNSs experienced in Haematology as a speciality is particularly challenging in Ceredigion and Pembrokeshire due to the distance from the M4 corridor. Together with the possibility of retirements within the current HDdUHB Haematology CNS workforce over the coming years, this initiative supports utilising the experience that exists within the current team to train future additions to the CNS workforce. Two Trainee CNSs were recruited to the part time posts in April 2022 and have both enrolled on Masters level academic

study alongside their clinical placements. The Trainee posts are currently 8 months into the three year programme and much of the initial work has been around orientation and induction. It is anticipated that, through the term of the trainee programme, regular evaluations will be carried out, both in terms of the experiences of the Trainees themselves and the mentors, i.e., the current substantive CNSs. The Committee received assurance that Clinical Haematology is currently embarking on a Quality Improvement and Service Transformation Project, which will include the use of value based healthcare measures to evaluate the programme and that the capture of patient reported experience measures (PREMs) will be built into the evaluation of the programme going forward. With regard to the sustainability of the programme going forward, the Committee received further assurance that a stakeholder group has been established to look at the education framework for all CNS posts in Haematology to build in sustainability for the future, recognising that Haematology is a complex speciality across the UK.

#### **Argymhelliad / Recommendation**

The Board is requested to endorse the Charitable Funds Committee Annual Report 2022/23.

<b>Amcanion: (rhaid cwblhau) Objectives: (must be completed)</b>	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	Not applicable
Safon(au) Gofal ac Iechyd: Health and Care Standard(s): <a href="#">Hyperlink to NHS Wales Health &amp; Care Standards</a>	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives: <a href="#">Hyperlink to HDdUHB Strategic Objectives</a>	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Not Applicable

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Agendas, papers and minutes of CFC meetings 2022/23
Rhestr Termau: Glossary of Terms:	Included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol:	CFC Chair, Lead Director, Head of Hywel Dda UHB Charities

Parties / Committees consulted prior to University Health Board:	
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<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	A sound system of internal control, as evidenced in the Committee's Annual Report, will assist with ensuring financial control, and the safeguard of public funds
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	SBAR template in use for all relevant papers and reports.
<b>Gweithlu: Workforce:</b>	SBAR template in use for all relevant papers and reports.
<b>Risg: Risk:</b>	A sound system of internal control, as evidenced in the Committee's Annual Report, ensures that any risks to the achievement of the Health Board's objectives are identified, assessed and managed.
<b>Cyfreithiol: Legal:</b>	Compliance with the Health Board's Standing Orders, and the Committee's Terms of Reference, requires the submission of an Annual Report to the Board.
<b>Enw Da: Reputational:</b>	Not applicable
<b>Gyfrinachedd: Privacy:</b>	Not applicable
<b>Cydraddoldeb: Equality:</b>	SBAR template in use for all relevant papers and reports.