

Board of Directors			
Date	23 September 2021	Agenda item:	Bo.9.21.28

Report from the Chair of the Charitable Funds Committee

Presented by	Dr Max Mclean, Chair of the Charitable Funds Committee		
Author	Jacqui Maurice, Head of Corporate Governance		
Lead Director	Dr Maxwell Mclean, Chairman		
Purpose of the paper	To provide a summary of the discussions and outcomes from the Charitable Funds Committee meeting held on 6 July 2021		
Committee membership and attendance	<p>Committee members attending the meeting were:</p> <ul style="list-style-type: none"> • Dr Maxwell Mclean, Chair • Ms Julie Lawreniuk, Non-Executive Director • Mr Matthew Horner, Director of Finance • Mr John Holden, Director of Strategy and Integration <p>Apologies were received from:</p> <ul style="list-style-type: none"> • Mr Altaf Sadique, Non-Executive Director, Committee Deputy Chair • Ms Karen Walker, Non-Executive Director • Ms Mel Pickup, Chief Executive • Mr Michael Quinlan, Deputy Director of Finance • Ms Laura Parsons, Associate Director of Corporate Governance / Board Secretary 		
Observer/s	Mr Dermot Bolton, Public Governor		
Key control	N/A		
Action required	To note		
Previously discussed at/informed by	Charitable Funds Committee meeting held 6 July 2021		
Previously approved at:	Committee/Group	Date	
	N/A		

Key Matters Discussed

The Charitable Funds Committee meets three times per year and last met on 6 July 2021. Summaries of the key items discussed are presented below. The confirmed minutes from the meeting held in March 2021 will be available at the Board of Directors meeting scheduled for 22 July 2021. The next meeting of the Charitable Funds Committee is scheduled for 9 November 2021.

Meeting held 6 July 2021

1. Matters Arising

There was an outstanding matter regarding Business Rates. This was related to a legal case which had been ongoing for a number of years regarding whether Foundation Trusts should carry chargeable status. Approximately 20 Foundation Trusts (not including BTHFT) were pursuing this through the courts however they had recently ceased in their action. As such the case would not be going through to the Court of Appeal. The Committee confirmed that this action was now closed.

2. Charity Committee Terms of Reference

The terms of reference were approved subject to the removal of the 'Acting Chief Executive' designation for the Director of Strategy and Integration.

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3. Investment and Treasury Management Policy

This policy is reviewed annually. Changes were proposed and approved to reflect the fact that:

- Rathbones Investment Management had been appointed as brokers for the next five years
- The medium level of risk now reflected in terms of the associated investment profile

The Committee approved the policy, noting that it had also been reviewed by Rathbones.

4. Reserves Policy

The policy was reviewed and approved with no changes proposed. The Committee heard that this policy articulates the role in managing and having a reserve policy. In particular highlighting what counts towards the value of the reserve policy which is maintaining a level of funding so that a Charitable team can be maintained for one year. That value is £500,000.

5. Key changes to Charity Law

Five key changes have taken place in May 2021. These are generic changes from the Charity Commission designed to improve the legal framework and provide guidance with regard to expenditure. The Charity team will bear these in mind when considering the expenditure policy which will be presented for review at the next meeting of the Committee.

6. Financial Information April 2020 – March 2021

The Committee noted the following key points from the report received:

- Total fund value is approximately £2.3m.
- In year the charity achieved a £300,000 surplus from which the vast majority is the gain on the £1m investment which at year end had grown to approximately £1.2m.
- £226,000 had been spent on Covid-19 related charitable activity.
- The fund had received approximately £400,000 worth of donations through the Covid route and from this had spent approximately £390,000.
- £1.4m in investments including £200,000 from the Elsie Sykes endowment fund.
- There has been an impact on fundraising activities as result of the pandemic and general fundraising events ceased in March 2020. There are now opportunities to restart activity particularly in relation to the neo natal appeal.

The financial information provided good news. There were no issues of concern and a number of the positions were pleasingly healthy with good work reflected in the raising and spending of funds.

7. Draft unaudited BHC Annual Report and Accounts 2020/21

Committee noted accounts for 2020/21. The report reiterates the overall £326,000 surplus in year and how this compares to the previous year. Areas of spend highlighted include;

- £124,000 on medical equipment.
- £400,000 on patient welfare with the vast majority on investments going into staffing facilities and staff support throughout pandemic.
- A focus on Covid-19 fundraising activities.

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The committee was disappointed to note that we are still yet to close down the 2019/20 accounts and were informed by the Director of Finance that Deloitte were now in a direct exchange and dialogue with the Elsie Sykes Foundation.

The Committee had no issues to raise with regard to the 2020/21 Accounts and agreed they should be sent to Deloitte for audit.

8. Challenges for the charity to support Born in Bradford

The Committee was on the whole supportive of the idea proposed in relation to Born In Bradford however were not entirely clear that it could legitimately be supported by the Charity as key elements appeared to fall outside of the objects of the Charity and Charity Law. It was agreed that independent advice would be sought to see if the Charity could support the initiative or not.

9. Operational Sub Committee Report

The Director of Strategy and Integration advised that:

- He had now assumed Executive responsibility for Charitable Funds.
- The Associate Director of Corporate Governance/ Board Secretary would line manage the charities team which was strong on financial governance however would benefit from strengthening their corporate governance.
- The expenditure requests form was discussed in terms of streamlining the document and making it more easily accessible on line for staff. All this would be supported by improved promotion of charitable funds.
- The fundraising study is awaited with regard to the Neo Natal Unit. The study is being undertaken by Gifted Philanthropy.
- At a future meeting of the sub-committee there will be a focus on the communications forward view.

The operational committee held a time out on 22 June which was well attended and focussed on fundraising and grant giving. There were some excellent contributions received from all participants including NEDs. In particular Karen Walker brought good expertise from her commercial background and the team also looked at the 'Grateful Patient Model' from the USA. There were strong themes running through the discussions about the need to 'speculate to accumulate' – particularly when reflecting on the small charitable team that the Trust has. There was a general feeling that now is the time to consider aspirations in terms of income growth and the increase needed in the level of resource to support this.

The time out also covered grant giving, in particular to the move towards having four pots of money and how the distribution of funds should be managed. These discussions continue.

The conclusions from the time out will form the strategy which will in part address the level of ambition and the return on investments. The Gifted Philanthropy report will also inform the strategy.

Items of Positive Assurance, Learning and/or Improvement

The Committee is proving itself rigorous in ensuring that it operates within the legal parameters set down by Charity Law and the objects of the charity particularly with regard to Born in Bradford

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proposal. Directors have recognised that as trustees we have to be rigorous in ensuring that charitable funds are used appropriately and have recognised the need for expert advice.

The news regarding the development of a strategy is exciting as it supports learning and improvements. The development of a long term plan is good as we do need a vision to take us through the next three to five years. As part of that we need to be thinking of our investment strategy and our resource as key elements of that plan. As referenced a number of times during the course of the meeting we need to articulate our risk appetite, our level of ambition and what we expect in terms of our return on investments.

This was a good meeting with items thoroughly explored and discussed.

Matters escalated to the Board

There were no matters to escalate to the Board of Directors from this meeting of the Charitable Funds Committee.

New/emerging risks

The Committee does not have a risk register in the same way the Trust has the SRR however the Committee is keen to resolve as soon as possible the remaining issues with regard to the Accounts for 2019/20 to enable them to be submitted to the Charities Commission.

Recommendation

The Board of Directors is requested to note the discussions and outcomes from the Charitable Funds Committee meeting held 6 July 2021.