

CHARITABLE FUNDS COMMITTEE MEETING

Date:	Tuesday 8 th March 2022	Time:	1600-1730
Venue:	MS Teams meeting	Chair:	Dr Maxwell Mclean, Chairman
Present:	<p>Non-Executive Directors:</p> <ul style="list-style-type: none"> - Dr Maxwell Mclean, Chairman (MM) - Mr Altaf Sadique, Non-Executive Director (AS) - Mrs Julie Lawreniuk, Non-Executive Director (JL) - Mr Mohammed Hussain, Non-Executive Director (MH) - Ms Karen Walker, Non-Executive Director (KW) <p>Executive Directors:</p> <ul style="list-style-type: none"> - Ms Mel Pickup, Chief Executive Officer (MP) - Mr John Holden, Director of Strategy and Integration (JH) - Mr Matthew Horner, Director of Finance (MaH) 		
In Attendance:	<ul style="list-style-type: none"> - Mr Michael Quinlan, Deputy Director of Finance (MQ) - Ms Laura Parsons, Associate Director of Corporate Governance / Board Secretary (LP) - Mr Adrian Maxwell, Rathbones, for item C.3.22.8 only (AM) 		

No.	Agenda Item	Action
C.3.22.1	<p>Apologies for Absence</p> <p>Apologies for absence were noted from Karen Dawber, Chief Nurse.</p>	
C.3.22.2	<p>Declarations of Interest</p> <p>There were no declarations of interest to note.</p>	
C.3.22.3	<p>Minutes of the virtual meetings held on 9 November 2021, 11 January 2022 and 14 February 2022</p> <p>The minutes were accepted as an accurate record of the meetings.</p>	
C.3.22.4	<p>Matters Arising</p> <p>The meeting noted that the greyed out items on the action log at Appendix 1 indicated those actions closed at the previous meeting. With regard to the actions due for consideration at this meeting the following updates were provided:</p> <ul style="list-style-type: none"> • <u>C21010</u>: The decision following legal advice is that this is not within our Mission statement. JH confirmed he had spoken to Professor John Wright and confirmed that the project was not a good fit with our aims as a Charity. Mark Hindmarsh, Act as One Programme 	

	<p>Director, has agreed their team will follow up further. <u>Action is closed.</u></p> <ul style="list-style-type: none"> • C22001: Operational Committee. With regard to confirmation of the reporting required from the Operational Committee to the Charitable Funds Committee, this was discussed at the last meeting however it will be discussed further at item 9. <u>Action closed.</u> • C22002: MH was interested in the Ethical considerations and the advice and guidance provided From Rathbones. This will be picked up further in the July Meeting However, there is an opportunity for early discussion with Rathbones later in the meeting. MaH also agreed to check assurances with regard to investments with companies involved with Russia in current climate. <u>Action to remain open.</u> 	
C.3.22.5	<p>Financial Information April 2021 – January 2022</p> <p>MQ gave a brief overview of the paper provided to the Committee, highlighting that the latest financial position at month 10 is a year to date deficit of £58k which is £99k less than plan. In November, the forecasted net position was to be approximately £50k in surplus, now forecasting a £288k deficit for the financial year, primarily because money is invested and committed, however the income has not been as expected. MQ advised that rate of return would also be included in future reports.</p> <p>MH recognised the impact of Covid on the income and expenditure of charitable funds, and JH noted that whilst this was indeed a trend, it did not particularly mean anything given the volatility of the last few years and there would be a need to re-establish baseline figures as a way of moving forwards.</p> <p>The paper was noted by the Committee.</p>	
C.3.22.6	<p>Draft Budget 2022/23 Onwards</p> <p>MQ gave an overview of the paper which set out the financial plan for the charity over the next five years and had been brought to the Committee for approval.</p> <p>MQ highlighted the section of the paper in relation to the cash and investment forecast under the worst case scenario, noting this was an exceptional addition to inform colleagues that under the worst case scenario, the Charity does have sufficient cash and investments to support the plan.</p> <p>It was recognised that this was a plan with a number of uncertainties but this would become clearer as time progressed and could be shaped further to reflect this.</p>	

	<p>Agreed to approve the accounts to be prepared on a Going Concern basis.</p> <p>The findings of the risk assessment on ongoing concern assessment were noted and the five year plan was approved by the Committee.</p>	
C.3.22.7	<p>Charity Sector Development (Including Cyber Security)</p> <p>MQ introduced the paper which highlighted the main sector developments having an impact on charities, including the covid-19 pandemic, cyber security breaches, charity fraud awareness and safeguarding and provided an update against each. The paper also detailed how Bradford Hospitals Charity meets the sector development recommendations.</p> <p>MH requested an update on the cyber security risk RAG rating at the November Committee meeting in the hope that this would have progressed from amber to green.</p> <p>The paper was noted by the Committee. JH also suggested that members review the Charity Commission guides referenced in MQ's presentation.</p>	<p>C22003 Deputy Director of Finance</p>
C.3.22.8	<p>Rathbones Investment Update</p> <p>MM welcomed AM to the meeting. AM provided a general overview of the current economic and political situation and how this related to BHC's investments. Following a strong period of economic recovery in 2021 the start of 2022 had been volatile as concerns around inflation and the Russian invasion of Ukraine concerned investors and markets. Rathbones has continued to actively manage the portfolio and made some changes to the portfolio as a result.</p> <p>AM was asked if the current situation warranted a change in risk profile for the charity. In response AM noted that Charities tend to be long term investors providing the ability to tolerate some level of volatility in exchange for enhanced returns over time. With regard to Bradford Hospitals Charity specifically, unless the fundamentals of the charity change, such as identified financial pressures or, there is a requirement to access funds in a material way in the near term or risk appetite has changed materially, then no change is required to the risk profile. It was better for the Charity to invest in a balanced portfolio of assets to mitigate some of the issues. Current inflation levels, while unsettling and forecast to subside around mid-2023 which if proved correct should ease pressure on monetary policy.</p> <p>AM reminded the meeting that the Committee of the BHC investment mandate: a balanced return between capital growth and income, risk profile level of 3 (on Rathbones scale of 1-6, where 6 is highest risk), a long term investment time horizon with the investment approach of a combination of both direct investments and collective investments. The</p>	

	<p>portfolio for the Charity is restricted, as per instructions, to exclude tobacco, alcohol and armaments.</p> <p>On a point of administration it was noted that Bradford Hospitals Charity's Investment Policy statement was last reviewed in July 2021 and is therefore due to be reviewed again in summer 2022. With regard to the Bradford Hospitals Charity portfolio performance; the initial period of investment had seen two good years which have been impacted more recently with inflation and the ongoing situation in Europe. The performance in 2022 YTD is negative, but overall a good performance since 2020.</p> <p>The meeting discussed in some detail investments with regard to fossil fuels, seeking to understand more about the impact in relation to the climate emergency, ethical investments, the risk appetite and potential impact of divestment. The conclusion from the discussion was that in the current environment whilst the direction of travel is and should still be towards cleaner fuel technology, we're certainly not there yet and we're still highly dependent on fossil fuel energy generation, transportation and systems. Highlighting this is the fact that the oil and gas sector has performed strongly recently – challenging the resolve of those who might want to disinvest. AM advised that Rathbones preference is to engage with companies to drive change rather than disinvest. A variety of their clients have taken a variety of stances in the area and trustees must decide what is right for their specific charity. MH advised that there was a meeting with Rathbones scheduled for later this year where this can be discussed further. MH also wondered if however, as a result of customer led demand; are there more ethical investments that exclude fossil fuels such as funds investing in alternative green energy and, helping to drive this change. AM reiterated that Rathbones seeks to engage with companies to actively encourage better behaviours in terms of the environment and, social and governance issues.</p> <p>AM concluded that Rathbones continue to actively monitor the situation and will change underlying holdings as/when required. They have made some adjustments to the portfolio with the result being a portfolio which is slightly overweight equity, underweight fixed income and overweight diversifiers – ensuring continued management in line with the mandate agreed. The portfolio provides an income of just under £30,000 per annum.</p> <p>MaH confirmed that the relationship with Rathbones pre-dates 2019 but changed in 2019 when changes were made to a more diverse portfolio. MQ agreed to confirm the length of the arrangement at the next meeting</p> <p>There were no further questions and AM left the meeting.</p>	<p>C22004 Deputy Director of Finance</p>
C.3.22.9	<p>Operational Committee Report</p> <p>The report was taken as read and noted by the Committee.</p>	

	JL questioned how the existing charity team was feeling given the new role and the possible concerns around change. JH assured the Committee that the reaction of the existing charity team was positive and members were enthusiastic about the recruitment of a Senior Manager.	
C.3.22.10	<p>Gifted Philanthropy Feasibility Study Final Report and Next Steps</p> <p>JH introduced the report and next steps which had been brought to the Committee to note and for ratification following the decision made on 14th February to recruit a Senior Charity Manager. He invited further comments by email.</p> <p>JL queried whether this role had been researched in terms of a 'like for like' role in another Trust or organisation. LP advised that she had sought guidance from NHS Charities and researched similar roles online as a comparison.</p> <p>The paper was noted by the Committee and the decision on the recruitment of a Senior Charity Manager was ratified.</p>	
C.3.22.11	<p>Any Other Business</p> <p>There was no other business discussed.</p>	
C.3.22.12	<p>Date and Time of Next Meetings</p> <ul style="list-style-type: none"> Tuesday 5th July 2022 1500-1600 Tuesday 8th November 2022 1600-1700 	

ACTIONS FROM BRADFORD HOSPITALS CHARITY COMMITTEE MEETING 8th MARCH 2021



Action ID	Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
C22005						
C22001	11. 1.22	C.1.22.4	Operational Committee Oversight –Currently a verbal oversight is given to this Committee - to discuss and clarify if there is a need to change the way the OC reports to the Committee and what reporting is required	Director of Strategy and Integration		Discussed – <u>action closed</u>
C22002	11.1.22	C.1.22.4	Investment Strategy – MH was interested in the Ethical considerations and the advice and guidance provided from Rathbones. However, there is an opportunity for discussion with Rathbones later in this meeting. MaH also agreed to check assurances with regard to investments with companies involved with Russia in current climate.	Deputy Director of Finance	5 July 2022	5.7.22 meeting cancelled. Agenda item added to November meeting – <u>action closed</u>
C22003	8.3.22	C.3.22.8	Rathbones Investment Update MQ to confirm details of Rathbones Tender and expiry date	Deputy Director of Finance	5 July 2022	5.7.22 meeting cancelled. Agenda item added to November meeting – <u>action closed</u>
C22004	8.3.22	C:3.22.7	Charity Sector Development (Including Cyber Security) Update on the cyber security risk RAG rating at the November Committee meeting in the hope that this would have progressed from amber to green.	Deputy Director of Finance	1 November 2022	The Charity uses the Trusts informatics services and their response was : <ol style="list-style-type: none"> 1. The Informatics Team completes the annual Data Security Protection Toolkit (formerly the IG Toolkit) and submits to NHS Digital. 2. This submission is then audited and verified by Audit Yorkshire. 3. Informatics has the renowned ISO:27001 accreditation for Information Security – this is renewed on a yearly basis. 4. Informatics has NHS Digital's DCB1596 Secure

Action ID	Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
						<p>NHS Email accreditation for secure email service – this is renewed on a yearly basis.</p> <p>5. All staff have to complete mandatory Data Security / Information Governance training.</p> <p>6. The trust has an annual external penetration test by a 3rd party to ensure our perimeter firewall(s) are safe and secure. Staff working from home on laptops connect to the trust using Always on VPN – which is a very secure VPN used by a vast majority of NHS trusts including NHS England and NHS Digital. If the VPN goes down then you lose access to the trust from home, therefore you won't have a connection in to the trust and pose no risk. All of our laptops are encrypted and have good AV/DLP running on them, and we run Microsoft's ATP software on each device for global insights and protection etc.</p> <p>7. Access to Charity systems and other financial</p>

Action ID	Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
						<p>systems are locked down to specific individuals, all requiring unique login credentials to gain access.</p> <p>To conclude, I am assured from Informatics that there are adequate controls in place to mitigate the IT security breaches as a result of more staff working remotely – <u>action closed</u></p>

Appendix 1 Actions Closed from previous meetings



No	Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress	Status
C21008	09.11.21	C.11.21.10	Draft ISA 260 Report for 2019/2020 Draft Charity Annual Report and Accounts JH raised a query around Deloitte's recommendations in relation to the emerging threat from cyber security and increased risk as a result of more staff working remotely, and therefore ensuring the appropriate controls are in place. MQ said rather than recommendations from Deloitte these are the general risks that the Charity could face, and suggested progress in relation to this is reported to the next meeting of the Committee. This was agreed.	Deputy Director of Finance	8 March 2022	To be covered in agenda item C.3.22.7	CLOSED
C21009	09.11.21	C.11.21.11	Charity Annual Report and Accounts 2020/21 Update MQ informed the Committee preparation of the 2020/21 Report and Accounts is underway, and it has been agreed with Deloitte the audit will be completed by the end of November 2021 with a deadline to submit the Accounts to the Charity Committee of 31 st January 2022. The Committee is therefore asked to recognise the governance process required to meet the submission deadline, with the draft Accounts having already been presented at the last meeting. It was agreed an Extraordinary Meeting of the Committee will be arranged for approval of the Accounts.	Associate Director of Corporate Governance / Board Secretary	Before 31 January 2022	Meeting arranged 11.01.22	CLOSED
C21010	09.11.21	C.11.21.15	Born in Bradford Proposal It was agreed that the Committee would ask the Executive to look at alternative options through Act as One to support Born in Bradford, and JH will contact Mark Hindmarsh, the Act as One Programme Director and other SROs.	Director of Strategy and Integration	31 December 2021	The initial view of Act as One colleagues is that this could be a good fit with some of the Paediatrics work, including the Healthy Minds Apprentices and Young People with Long Term Conditions. The Act as One team have agreed to follow this up further	CLOSED
C21011	09.11.21	C.11.21.17	Gifted Philanthropy Feasibility Study Progress Update JH referred to the papers already circulated and suggested an Extraordinary Meeting is scheduled once the Committee has reviewed the report which has only recently been received. Gifted Philanthropy have suggested presenting their full report to the Charitable Fund Committee Meeting in March 2022 and it was therefore agreed to also consider their report at the	Associate Director of Corporate Governance / Board Secretary	January 2022	Meeting arranged 11.01.22 subsequently deferred to February 2022. Meeting arranged for 14.2.22	CLOSED

			Extraordinary meeting discussed under agenda item C.11.21.11. Following a suggestion from JL it was agreed this item would be dealt with via a development session at the Extraordinary meeting.				
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