

## CHARITABLE FUNDS COMMITTEE MEETING

<b>Date:</b>	Tuesday 1 <sup>st</sup> November 2022	<b>Time:</b>	15:00-16:30
<b>Venue:</b>	MS Teams Meeting	<b>Chair:</b>	Dr Maxwell McLean, Chairman
<b>Present:</b>	<p><b>Non-Executive Directors:</b></p> <ul style="list-style-type: none"> <li>- Mr Altaf Sadique, Non-Executive Director (AS)</li> <li>- Mrs Julie Lawreniuk, Non-Executive Director (JL)</li> <li>- Ms Karen Walker, Non-Executive Director (KW)</li> </ul> <p><b>Executive Directors:</b></p> <ul style="list-style-type: none"> <li>- Mr John Holden, Director of Strategy and Integration (JH)</li> <li>- Mr Matthew Horner, Director of Finance (MH)</li> </ul>		
<b>In Attendance:</b>	<ul style="list-style-type: none"> <li>- Mr Michael Quinlan, Deputy Director of Finance (MQ)</li> <li>- Ms Laura Parsons, Associate Director of Corporate Governance (LP)</li> <li>- Mr Hanif Malik, Consultant, for agenda item C.11.22.13 (HM)</li> </ul>		

No.	Agenda Item	Action
<b>C.11.22.1</b>	<p><b>Apologies for Absence</b></p> <p>Apologies were noted from Mel Pickup, Chief Executive Officer, Karen Dawber, Chief Nurse and Mohammed Hussain, Non-Executive Director.</p>	
<b>C.11.22.2</b>	<p><b>Declarations of Interest</b></p> <p>AS declared a loyalty interest in relation to agenda item C.11.22.13 as HM is a personal friend. No further action was required.</p>	
<b>C.11.22.3</b>	<p><b>Minutes of the Meeting Held on the 8<sup>th</sup> of March 2022</b></p> <p>The minutes were accepted as an accurate record of the meeting.</p>	
<b>C.11.22.4</b>	<p><b>Matters Arising</b></p> <p>The Committee 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"> <li>• C22001 – Action closed</li> <li>• C22002 – Action closed</li> <li>• C22003 – Action closed</li> <li>• C22004 – Action closed</li> </ul>	

<p><b>C.11.22.5</b></p>	<p><b>Financial Information April – September 2022</b></p> <p>MQ informed that the financial information pack has changed in terms of how the figures are presented. The key summary and financial risks were highlighted as below:</p> <ul style="list-style-type: none"> <li>• The Charity Operational Committee agreed a target of a balanced I&amp;E position. At the end of Month 5, this was £159,000 less than planned, with investment gains and losses at £155,000.</li> <li>• At end of this financial year, the charity is likely to be off plan by £351,000 in terms of the total value of funds due. This is largely down to investment in patient welfare and Covid-19 costs.</li> <li>• £240,000 less than plan will be reported in terms of investment gains and losses.</li> <li>• There is sufficient headroom this financial year to support the income and expenditure forecast and a cash balance of around £390,000 is anticipated.</li> <li>• Should more be spent on charitable activities than income received in the next financial year, there is a risk that some investments may need to be liquidated. In 2023/24, it is planned to report a net I&amp;E position of £775,000 (£1.1 million more than 2022/23). This assumes being slightly ahead in terms of recruitment.</li> <li>• At the end of this financial year, the charity is forecasting around 48% return on investment (for every £1 spent on fundraising earning £1.92), with a target of 25% (for every £1 spent earning £4). If the targeted return on investment was achieved by the end of this financial year, there would be a need to increase income by £295,000 to achieve the 25% target. This is unlikely, but once the Head of Charity Operations is in post, should be more achievable.</li> </ul> <p>MH stated that fundholders are encouraged to utilise their funds and bids aligned to the charity objectives have been approved.</p> <p>JL commended the new report and stated that the return on investment figures is disappointing but the target is right.</p> <p>The Committee agreed that the perspective of the new Head of Charity Operations is required in terms of the return on investment and it is important to have realistic ambitions.</p>	
<p><b>C.11.22.6</b></p>	<p><b>Investment Report</b></p> <p>MH provided an update:</p> <p><b>A: Investment Update</b></p> <p>This reflects the recent market instability.</p>	

	<p><b>B: Update on Russia</b></p> <p>This confirms that the Foundation Trust has no direct investments involving Russia, but does have potentially incidental arrangements with BP and Shell. The risk around this has been minimised and MQ shared that both BP and Shell are due to exit Russian links.</p> <p><b>C. Rathbones Tender Expiry</b></p> <p>MQ informed that the contract with Rathbones, the investment advisors who invest surplus charity funds within a portfolio, ended on the 31<sup>st</sup> of August. The contract is able to be renewed or extended for one more year twice.</p> <p>The Foundation Trust has entered into a 1 year extension period, to expire on the 31<sup>st</sup> of August 2023 and there will be an option to further extend this into 2024. A re-tendering process will be required prior to the final extension. MQ confirmed that £1.53 million is currently invested.</p> <p>The Committee noted the documents.</p>	
<b>C.11.22.7</b>	<p><b>Unaudited Draft Bradford Hospitals Charity (BHC) Annual Report and Accounts 2021-22</b></p> <p>MQ shared that virtual approval of the draft accounts will be sought in the next fortnight once Deloitte have completed the independent examination. MQ has had site of the draft report and there are no major changes to be made.</p> <p>MQ confirmed that the documents circulated will be the draft accounts shared earlier this year with track changes, the final audited accounts and the independent examination report from Deloitte.</p> <p>The Committee approved the plan.</p>	
<b>C.11.22.8</b>	<p><b>Independent Examination of the Charity 21/22 Accounts</b></p> <p>MQ stated that the Charity Operational Committee agreed to carry out an audit of the 2021/22 annual report and accounts. Deloitte were subsequently instructed to carry this out for completion in early November.</p> <p>Deloitte currently have resourcing issues and are unable to carry out the audit this year in line with the Charity Commission guidelines, but have proposed to carry out an independent examination as an alternative. This option would be for this year only, going back to a full audit from the next cycle.</p> <p>The Audit and Assurance Committee have asked for a gap analysis to further understand the difference between the two approaches and Deloitte have been requested to provide this.</p>	

	<p>The main difference is that the amount of work required for an independent examination is a lot less than for an audit. Relevant documents and governance will be reviewed to ensure these are aligned to accounting standards, but a formal audit opinion will not be provided.</p> <p>MM queried why this approach was being considered as opposed to a full audit? MQ replied that it would be more cost effective and generate less admin work. In addition, it would be a risk to go ahead with a full audit and not be ready to submit to the Charity Commission by the deadline. MH and MQ were of the opinion that on this occasion, an independent examination would provide sufficient assurance.</p> <p>The Committee approved the recommendation to carry out an independent examination rather than a full audit for this financial year.</p>	
<b>C.11.22.9</b>	<p><b>Update on Bradford Hospitals Charity (BHC) ISA260 Recommendations</b></p> <p>MQ shared that this is part of the Good Governance Framework recommended by Deloitte and the Charity Commission and concerns improvements that could be made to the charity's systems and processes.</p> <p>The key actions are:</p> <ul style="list-style-type: none"> <li>• To add an audit of the charity's internal control systems to the plan.</li> <li>• The Governance Team to maintain a risk register on behalf of the charity through the Charity Operational Group.</li> <li>• To review internal financial controls and systems.</li> <li>• The management of going concerns is now part of the 5 year plan.</li> <li>• Work on improving controls in the Harlequin system.</li> </ul> <p>MM highlighted that the Committee needs to be vigilante to the fact there has been no internal audit carried out for 3 years due to Covid-19.</p> <p>The Committee noted the update and were sufficiently assured by the responses therein.</p>	
<b>C.11.22.10</b>	<p><b>Operational Committee Report</b></p> <p>JH highlighted the main points of the report:</p> <ul style="list-style-type: none"> <li>• <b>April meeting:</b> discussed different income opportunities and agreed approaches to the staff lottery, Give as you Earn and Pennies from Heaven. Also discussed prioritisation of funding requests and Terms of Reference.</li> <li>• <b>June meeting:</b> discussed the Aagrah dinner and NHS Charities Together grant, which is to be invested in charity infrastructure. Also reviewed the draft annual report and accounts.</li> </ul>	

	<ul style="list-style-type: none"> <li>• <b>August meeting:</b> agreed an approach to the apportionment of overheads to ensure variable elements are apportioned reasonably, with the most demanding areas carrying higher overheads. Also discussed consolidating the larger pots of money and merging 74 of the funds, with a total value of £189,000.</li> <li>• <b>October meeting:</b> further amends were made to the Terms of Reference.</li> </ul> <p>MM asked if a targeted donation to a specific service would be subject to a charity running costs share. MQ clarified that there are 3 types of donation; unrestricted funds and designated funds, against which admin costs will be charged and restricted funds, which depend on the expressed wishes of the donor. If the donor wants the money to be spent in a certain area, no admin costs will apply.</p> <p>JH pointed out that the goal is to move towards a greater proportion of unrestricted funds. KW suggested that it should be explained to donors giving restricted funds that the charity is run as a business and what difference it would make if their donation could be used where most needed.</p> <p>MM queried the distribution of the Charity Operational Committee minutes. LP confirmed that these are not circulated wider than that group, but are available on request.</p> <p>The Committee agreed with the approaches the Charity Operational Committee are taking.</p>	
<b>C.11.22.11</b>	<p><b>Charity Operational Committee Terms of Reference</b></p> <p>LP shared that changes need to be made to the Committee membership to ensure representation from the four main funds. There was also a reference to a Risk and Governance representative, which has been removed and LP's role and the Head of Charity Operations have been added. Representatives for dementia and elderly care are still required.</p> <p>The Committee approved the alterations to the Terms of Reference.</p>	
<b>C.11.22.12</b>	<p><b>Charitable Funds Committee Terms of Reference and Work Plan Review</b></p> <p>LP informed that the wording around strategic objectives has been changed and the reference to the Charities Act been updated. A standing item around the risk register will be added to the 2023 workplan.</p> <p>The Committee approved the amendments to the Terms of Reference and workplan.</p>	

<p><b>C.11.22.13</b></p>	<p><b>Consultancy Support to Improve Engagement with the South Asian Community</b></p> <p>JH introduced HM, who is an independent charity consultant, working with the Foundation Trust for 20 days up to Christmas. HM was brought in partly to help progress key initiatives which were stalled due to the ongoing Head of Charity Operations vacancy and also to help strengthen engagement with the local business community.</p> <p>HM highlighted the key areas of focus:</p> <ul style="list-style-type: none"> <li>• A recent fundraising event at the Aagrah restaurant, which is quite pivotal in the South Asian business community. There is an agreement in principle for the Aagrah to adopt BHC as its inaugural Charity of the Year.</li> <li>• 17 businesses have signed up to the “100 Club” to be launched on the 23rd of November and a further shortlist is being compiled. This will be an annual 12 month initiative and it is hoped that the initial 100 companies will re-join.</li> <li>• The new Head of Charity Operations is due to start on the 7<sup>th</sup> of November for 12 months.</li> <li>• Work is ongoing on the completion of the NHS charities application to bid for up to £30,000 of support. A draft outline has been compiled for comment and the submission deadline is the end of December. Three priority areas have been identified; overall strategy development, a marketing and communications plan, to include a website revamp and a community and stakeholder engagement strategy.</li> <li>• Engagement with local businesses, community and faith establishments continues.</li> </ul> <p>JL queried why the Head of Charity Operations post is only for 12 months. JH responded that as the post wasn't recruited to substantively the first time a different approach was tried. The idea was to make the role more flexible and an extension could be discussed down the line.</p> <p>JH stated that the work HM is doing is encouraging, but there is more to be done around building relationships and increasing income. Some challenges have been overcome and support has been gratefully received.</p> <p>MM thanked HM for attending the meeting.</p>	
<p><b>C.11.22.14</b></p>	<p><b>Proposed Changes to Staff Lottery Prizes and Pennies from Heaven</b></p> <p>LP shared that participation in the staff lottery has decreased, so the prizes are being reduced from £950 per month, £2,500 in May and £5000 in June and December to £900 per month and £2,500 in April, July, October and January.</p> <p>Pennies From Heaven is a scheme whereby spare change from participating staff's wageslips gets paid into the charity fund. There is a</p>	

	<p>plan to reinvigorate this and encourage more staff to participate, with the funds being used towards staff health and wellbeing. The ask is to change the beneficiary fund from Born in Bradford and the Ear Trust to a staff wellbeing fund. The fund holders have already been informed, but the staff who contribute need to be told.</p> <p>The Committee approved the changes stated above.</p>	
<b>C.11.22.15</b>	<p><b>Investment and Treasury Management Policy</b></p> <p>MQ informed that this has been recommended for approval by the Charity Operational Committee.</p> <p>There are two slight changes to the investment policy; the cash range that can be held in the charity bank account has been increased from £50,000 to £250,000 to £50,000 to £450,000 and a paragraph has been added giving the Director of Finance delegated approval to make transfers/place investments on behalf of the corporate trustees via Rathbones.</p> <p>MM queried why the change was being made around making transfers and placing investments. MH pointed out that if the charity ever has more money at any time, it could be beneficial to invest it through Rathbones. This would mean expediting the decision to convert assets from cash to investments.</p> <p>LP mentioned an inconsistency between the figures quoted for the cash range on the cover paper and policy. MQ confirmed the correct figure is up to £450,000 and will amend.</p> <p>The Committee were content to delegate the approval of transfers and place investments to the Director of Finance.</p>	<p><b>C22005 Deputy Director of Finance</b></p>
<b>C.11.22.16</b>	<p><b>Reserves Policy</b></p> <p>MQ requested the approval of two minor changes around adding designated funds to the reserve pot and stated that there are 5 funds, including an endowment fund, which is restricted.</p> <p>The Committee approved the changes to the policy.</p>	
<b>C.11.22.17</b>	<p><b>Charitable Funds Policy</b></p> <p>MQ shared that minor changes have been made to the policy, including adding clarification that gift vouchers relating to long service awards can be purchased by the charity to mitigate the risk of benefit in kind tax obligations for staff. No other gift cards may be purchased by the charity.</p> <p>The Committee approved the changes subject to members being sighted</p>	

	on the Committee Terms of Reference contained therein.	
<b>C.11.22.18</b>	<p><b>Expenditure Policy</b></p> <p>MQ informed that changes have been made regarding what the charity is able to spend on staff events. If staff receive a gift voucher for long service, there are no tax implications, but anything outside of this, such as performance related rewards, could be subject to tax.</p> <p>There has also been an amendment with regard to retirement buffets to state that no gifts can be purchased.</p> <p>MM queried if charity money had previously been used for staff parties and MQ confirmed that this has not been done for around 12 years.</p> <p>A discussion took place regarding the purchase of replacement business as usual equipment and it was agreed that charitable funds shouldn't be used for this. MQ to amend the policy to this effect.</p> <p>The Committee approved the policy subject to the above change being made.</p>	<b>C22006 Deputy Director of Finance</b>
<b>C.11.22.19</b>	<p><b>Any Other Business</b></p> <p>No other business was discussed.</p>	
<b>C.11.22.20</b>	<p><b>Date and Time of Next Meeting</b></p> <p>The 12<sup>th</sup> of January 2023 – 10:00-11:00.</p>	

## Actions From BTHFT Charitable Funds Committee 1<sup>st</sup> November 2022



Action ID	Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
C22005	01.11.22	C.11.22.15	<b>Investment and Treasury Management Policy</b> MQ to amend the policy to state that the cash range is now £50,000 to £450,000.	Deputy Director of Finance	12.01.23	Policies updated – <u>action closed</u>
C22006	01.11.22	C.11.22.18	<b>Expenditure Policy</b> MQ to amend the policy to state that the purchase of business as usual items will not be made with charitable funds.	Deputy Director of Finance	12.01.23	Policies updated – <u>action closed</u>

## Appendix 1: Actions Closed at Previous Meeting

Action ID	Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
C22001	11. 1.22	C.1.22.4	<b>Operational Committee Oversight</b> –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	<b>Investment Strategy</b> – 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	<b>Rathbones Investment Update</b> 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	<b>Charity Sector Development (Including Cyber Security)</b> 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"> <li>1. The Informatics Team completes the annual Data Security Protection Toolkit (formerly the IG Toolkit) and submits to</li> <li>2. 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</li> </ol>

Action ID	Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
						<p>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>3. Access to Charity systems and other financial 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>