

<b>Meeting title:</b>	Trust Board
<b>Date of the meeting:</b>	11 July 2024
<b>Title:</b>	Charitable Funds Committee Annual Report 2023-24
<b>Report presented by:</b>	Tom Robinson – Non-Executive Director and Charitable Funds Committee Chair
<b>Report written by:</b>	Hina Majeed – Corporate and Committee Services Officer

<b>Action – this paper is for:</b>	<b>Decision/Approval</b>	<b>x</b>	<b>Assurance</b>		<b>Update</b>	
<b>Where this report has been discussed previously</b>	Charitable Funds Committee, 21 June 2024					

<b>To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which</b>
This report aligns with the requirements of the Head of Internal Audit Opinion in respect of other Board Committees and provides assurance that effective controls are in place to ensure that the Charitable Funds Committee is undertaking its duties and that the Committee is in compliance with its Trust Board (as Corporate Trustee) approved terms of reference.

<b>Impact assessment</b>
There is no expected impact upon patients or staff.

<b>Acronyms used:</b> CFC – Charitable Funds Committee LHC – Leicester Hospitals Charity
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**Purpose of the Report**

The information contained within the report will provide CFC itself and the Trust Board as Corporate Trustee with assurance that CFC meetings have covered all essential areas within its remit which are also aligned with best practice and its terms of reference. The report covers the period 1 April 2023 to 31 March 2024.

**Recommendation**

The Trust Board as Corporate Trustee is invited to approve this report following endorsement by the Charitable Funds Committee meeting on 21 June 2024. The following comments from the Director of Corporate and Legal Affairs made at the CFC meeting on 21 June 2024 be noted.

**The Director of Corporate and Legal Affairs commented that there was a much wider piece of work around charity governance that needed to be undertaken. One of the recommendations following the review of the Charity would be the need for an external review of (a) the responsibilities and duties as a Corporate Trustee, and (b) the functioning of the CFC. In addition of this, a review of the application process, delegated limits and reestablishing the requirement for impact reports was also recommended.**

The recommended objectives for the committee based on the annual report are as follows:

- Wider charity governance review – this will include application process/form templates, delegated financial limits, decision making processes, approval and of appeals
- Re-establish the requirement for impact reports for all approved funding applications
- Review performance reporting
- Independent review of investment manager

## Key Issues, Options and Risks

### 1. Introduction

The Charitable Funds Committee's terms of reference require that the Committee produce a report on an annual basis, providing an overview of its effectiveness in undertaking its duties and its compliance with its Trust Board (as Corporate Trustee) approved terms of reference.

### 2. Meeting Attendance

During the period of this report, the Charitable Funds Committee met on 6 occasions. In 2023/24 the Committee membership consisted of 3 Non-Executive Directors and 2 Executive Directors of the Trust Board (Chief Nurse, and Director of Estates, Facilities, and Sustainability)

Members are required to attend a minimum of 75% of meetings on a rolling 12-month basis. Attendance throughout the period was as follows: -

Voting Members	Role	Possible	Actual	% attendance
T Robinson	Non-Executive Director (Chair)	6	4	66
V Bailey	Non-Executive Director	6	5	83
M Farmer (from February 2024)	Associate Non-Executive Director	1	1	100
J Hogg	Chief Nurse	6	5	83
M Simpson	Director of Estates, Facilities, and Sustainability	6	5	83
J MacDonald	Non-Executive Director (Trust Chairman)	6	5	83

In Attendance	Role	Possible	Actual	% attendance
B Cassidy	Director of Corporate and Legal Affairs	6	6	100
L Davies (until July 2023)	Director of LHC	1	1	100
S Patel (from December 2023)	Acting Head of Charity	2	2	100
Z Safdar/S Sethi/K Chung/ J Woolley	Charity Finance Team	6	6	100

The Chief Executive and other Non-Executive Directors, also all have a standing invitation to attend CFC.

All the meetings held were quorate except the April 2023 meeting, which was part inquorate. The quorum is 3 members (to include 2 Non-Executive Directors and 1 Executive Director) and this is confirmed at the start of each meeting. CFC provides a written escalation report of its meetings to the Trust Board as Corporate Trustee, to provide assurance and escalate any issues as required.

### 3. Effectiveness of the Charitable Funds Committee in delivering its Core Functions

This section of the Committee annual report provides an overview of the core areas where the Committee is expected to operate its core functions and provides assurances that the Charitable Funds Committee has fulfilled its duties. The position listed below reflects the updated terms of reference effective from

September 2023.

The purpose of the Committee is to provide oversight and management of Leicester Hospitals Charity on behalf of the Board as Corporate Trustee, and to escalate any concerns or issues as appropriate. The Committee will seek and receive assurance on the governance and direction of the Charity and its operation in line with the Charity's objects, the stewardship of the Charity's funds, the management and performance of the Charity, Charity team, and Charity investment manager, and will consider (within its delegated limits) applications received for charitable funding. The Committee will review the annual plan/strategy for the Charity, and the audited annual Charity accounts and annual report ahead of Trust Board approval as Corporate Trustee. The Committee will also satisfy itself as to the adequacy of the arrangements in place for auditing the Charity.

General Composition and establishment		Yes	No
1	Does the Charitable Funds Committee have written terms of reference and have they been approved by the Board as Corporate Trustee?	✓	
2	Are the terms of reference reviewed annually?	✓	
3	Are the outcomes of each meeting and any formal recommendations reported to the next Board meeting?	✓	
4	Does the committee prepare an annual report on its work and performance for the Board?	✓	
5	Has the committee established a work programme for the year?	✓	
6	Are committee papers distributed in sufficient time for members to give them due consideration?	✓	

The Charitable Funds Committee terms of reference were last reviewed by CFC in August 2023 and subsequently approved by the Trust Board as Corporate Trustee in September 2023. An established plan is in place to review these annually on a rolling basis. The annual reporting process will be embedded into the Committee's work programme.

Subject to availability, the agenda and papers are usually circulated 3 days prior to each meeting via the TeamEngine electronic Board portal. In the event of exceptional circumstances, the Committee Chair would be requested to agree to a report relating to an additional agenda item being circulated at short notice.

Specific Duties of the Committee:		Yes	No
<b>1</b>	<b>Governance</b>		
	Does the Committee review, monitor and advise the Board as Corporate Trustee re: the following: -		
1.1	the form and nature of the governing document(s) of the Charity (as may be amended from time to time);		X (last reviewed in Feb 2023)
1.2	the measures established by the Committee to ensure that the Trust Board, as Corporate Trustee, is and remains well informed on all matters relating to the Charity;	✓	
1.3	the arrangements to be adopted to ensure that charitable business is conducted by the Charity on a regular and timely basis;	✓	

1.4	the adequacy of the resources available to the Charity to help it maintain a high standard of management and control;	✓	
1.5	the documentation of rules by which the Charity shall be run, under the auspices of the Trust's overall corporate governance arrangements (e.g., Standing Orders, Standing Financial Instructions, and procedural guidelines).	✓	
1.6	the induction procedures established by the Charity for new members of the Trust Board, in its capacity as Corporate Trustee;		X
1.7	the arrangements to be adopted to ensure that adequate procedures are in place to deal with any potential conflicts of interest in the management of the Charity;	✓	
1.8	the measures to be taken to make information about the Charity's affairs widely available.	✓	
<b>2</b>	<b>Financial Control</b>		
	Does the Committee keep under review and advise the Trust Board, as Corporate Trustee, as necessary upon: -		
2.1	the arrangements adopted by the Committee to ensure that the Charity's funds are managed securely, economically, and deployed to the best advantage of users and beneficiaries, having due regard to the wishes of donors and the charities objectives;	✓	
2.2	the reliability of financial systems; (in conjunction with the Audit Committee, as appropriate)	✓	
2.3	comprehensive guidance and procedure notes;	✓	
2.4	agreed policies for the use of reserves;	✓	
2.5	forward planning and budgeting;	✓	
2.6	provision of accurate, timely management information to the Committee;	✓	
2.7	management of investments;	✓	
2.8	audit arrangements (in conjunction with the Audit Committee, as appropriate);	✓	
2.9	agreed spending objectives;	✓	
2.10	adequate control of all funds within the Charity.	✓	
<b>3</b>	<b>Fundraising</b>		
	Does the Committee keep under review and advise the Trust Board, as Corporate Trustee, as necessary upon: -		
3.1	the development and implementation of the Charity's fundraising strategy;	✓	
3.2	the support and facilitation of initiatives, both within the Charity and the community, to raise charitable funds;	✓	
3.3	the development of criteria for the consideration of proposals for fundraising schemes in accordance with the University Hospitals of Leicester NHS Trust's corporate objectives and clinical priorities;	✓	
3.4	all proposals received for fundraising schemes, which shall be presented to the Committee for consideration, and to make recommendations accordingly to the Trust Board, as Corporate Trustee;	✓	
3.5	the conduct of all approved fundraising appeals at the Trust;	✓	
3.6	the evaluation of different types of fundraising initiatives;	✓	
3.7	the achievement of objectives in respect of individual appeals;	✓	

3.8	the consideration and recommendations to the Trust Board, as Corporate Trustee, on applications for the use of general-purpose charitable funds to establish fundraising appeals;	✓	
3.9	the ongoing monitoring of fundraising contracts with commercial participants.	✓	
<b>4</b>	<b>Investment Management</b>		
4.1	Does the Committee appoint, on behalf of the Trust Board as Corporate Trustee, a Charitable Funds Investment Manager for the Charity, who will provide quarterly performance reports to the Committee and attend at least two Committee meetings per financial year?	✓	
4.2	Does the Committee consider an annual independent review of the Investment Manager's performance?		X
4.3	Does the Committee undertake a quarterly review of the performance of both the Investment Manager and the portfolio?	✓	
4.4	Does the Committee consider and advise the Trust Board as Corporate Trustee, re: the desired overarching strategy for the investment of charitable funds?	✓	
<b>5.</b>	<b>Determination of Funding Applications</b>		
5.1	Does the Committee consider and decide upon applications for expenditure from charitable funds (including general purpose funds) from a value of £10,000 or more, up to a value of £50,000 under delegated authority. The Trust Board, as Corporate Trustee, reserves the right to approve any applications where: <ul style="list-style-type: none"> <li>• the proposed expenditure is in excess of £50,000 in any financial year, or</li> <li>• the proposal is for more than one financial year and is in excess of £50,000 cumulative.</li> </ul>	✓	
5.2	Does the Committee, in the first instance, consider applications for expenditure from charitable funds (including general purpose funds) of a value of £50,000 or more and shall make recommendations to the Trust Board (as Corporate Trustee) as to whether the applications should be approved or rejected.	✓	
5.3	Does the Committee authorise the Charity's officers to consider and decide upon applications for expenditure from charitable funds (including general purpose funds) up to a value of £10,000. Are all such decisions taken by the Charity's officers reported for information to the next meeting of the Charitable Funds Committee, to enable the Committee to provide oversight of all funding applications approved by the Charity's officers under the scheme of delegation from designated funds or general-purpose funds, where the value is £10,000 or less?	✓	
5.4	Does the Committee ensure that all funding applications have the required support and prior approval of the relevant CMG Clinical Director or Head of Operations or Head of Nursing. In the case of applications with a value of	✓	

	£10,000 or less to the general purposes fund, does the Committee ensure the Executive Directors on the Committee approve it?		
5.5	Does the Committee ensure require all successful applicants to provide a written evaluation within twelve months of the start of the project. Any waiver to this requirement will be at the discretion of the Committee?		X
<b>6.</b>	<b>General</b>		
6.1	Does the Committee approve the Charity's Annual Accounts and Annual Report prior to their submission to, and consideration by, the Trust Board as Corporate Trustee for formal adoption.	✓	
6.2	Does the Committee consider general issues relating to the Charity, including guidance issued from time to time by the Charity Commission.	✓	

The overall governance for the Charity will be reviewed over the next 6-12 months. Where there is non-compliance above, this will be addressed in the wider governance review.

The Charitable Funds Committee has been confirmed as compliant in respect of 34 out of the 38 specific duties set out above (approximately 89% compliant).

#### 4. Operation of the Committee

CFC is invited to consider whether for future annual reports, it would also like to review the mechanics of how it operates as a Committee. Some of the issues to be considered might include questions on whether: -

- a) Committee members feel able to contribute meaningfully to the issues discussed and express challenge;
- b) the committee is aware of the key sources of assurance and who provides them;
- c) the committee has the right balance of experience, knowledge, and skills to fulfil its role;
- d) the CFC agenda is structured to reflect key risks and duties;
- e) the relevant executive director attends meetings to enable it to understand the reports and information it receives;
- f) decisions and actions are implemented in line with the timescale set down;
- g) the quality of committee papers received allows committee members to perform their roles effectively;
- h) each agenda item is 'closed off' appropriately so that the committee is clear on the conclusion; who is doing what, when and how, and how it is being monitored;
- i) at the end of each meeting the committee discuss the outcomes and reflect on decisions made and what worked well, not so well etc;
- j) the committee provides a written escalation report of its meetings to the Board. The committee chair provides clear and concise information to the Board on committee activities and gaps in control, and
- k) committee meetings are chaired effectively, and the committee chair has a positive impact on the performance of the committee.

#### 5. Conclusion and Recommendations

The Charitable Funds Committee is requested to consider the following recommendations and approve this report for onward submission to the Trust Board in July 2024