

**MINUTES OF THE CHARITABLE FUND TRUSTEES MEETING
HELD ON WEDNESDAY 31 OCTOBER 2018 IN
YNYSMEURIG HOUSE, NAVIGATION PARK, ABERCYNON**

PRESENT:

Marcus Longley	-	Chair
Allison Williams	-	Chief Executive
Paul Griffiths	-	Independent Member
James Hehir	-	Independent Member
Mel Jehu	-	Independent Member
Robert Smith	-	Independent Member
Maria Thomas	-	Independent Member
Chris Turner	-	Independent Member
Nicola Milligan	-	Independent Member
Dilys Jouvenat	-	Independent Member
Angela Hopkins	-	Acting Director of Nursing, Midwifery & Patient Care
Joanna Davies	-	Director of Workforce & Organisational Development
Kamal Asaad	-	Medical Director
Kelechi Nnoaham	-	Director of Public Health
Ruth Treharne	-	Director of Planning & Performance / Deputy Chief Executive
Alan Lawrie	-	Director of Primary, Community & Mental Health Services

IN ATTENDANCE:

Stephen Harrhy	-	Board Director
Huw Evans	-	Head of Corporate Finance
Elisabeth Williams	-	Finance Manager
Antonia Cavalier	-	CCLA Client Relationship Manager
Mark Thomas	-	Deputy Director of Finance
Gwenan Roberts	-	Interim Board Secretary

SECRETARIAT:

Emma Walters	-	Corporate Governance Officer/Committee Secretariat
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APOLOGIES FOR ABSENCE

Apologies for absence were **received** Jayne Sadgrove, Keiron Montague, John Palmer, Steve Webster and Robert Williams.

CFT/18/01 **WELCOME AND INTRODUCTIONS**

The Chair **welcomed** everyone to the meeting particularly Antonia Cavalier, CCLA Client Relationship Manager, Huw Evans and Elisabeth Williams. The Chair recognised that there were a number of colleagues who would not have attended this meeting previously.

CFT/18/02 **DECLARATIONS OF INTEREST**

There were no additional declarations of interest, to those previously notified.

CFT/18/03 **MINUTES OF THE CHARITABLE FUND TRUSTEES MEETING HELD ON 6 SEPTEMBER 2017.**

Members confirmed the minutes of the meeting held on 6 September 2017 as accurate.

Members **RESOLVED** to **APPROVE** the minutes.

CFT/18/04 **MATTERS ARISING FROM THE MINUTES OF THE CHARITABLE FUND TRUSTEES MEETING HELD ON 6 SEPTEMBER 2017.**

There were no matters arising raised.

CFT/18/05 **PRESENTATION FROM CCLA, CHARITABLE FUNDS INVESTMENT MANAGERS**

Members received a presentation from Antonia Cavalier, Client Relationship Manager, CCLA on progress with investment. Members **NOTED** that the company primarily worked with churches, charities and local authorities and in total had 374 clients who may require access to investment products; the Health Board had invested in the region of £1.5m to date.

Members were provided with an overview of the position in relation to key assets and were advised that the market had been quite volatile, with the start of the year being in negative territory as a result of uncertainty associated with Brexit and the impact on UK economic growth.

Members **NOTED** the following key points:

- Cash flow over the year had been 0.3%, with cash not being favourable as long term investment. 2% had been lost over the period
- Interest rates in the UK were benign, with the hope of rates increasing to 1% - 1.15% in 2022

- The ward index had decreased by 8% over the last few weeks, with a slowing global economy and concerns over global political unrest
- Quantitative tightening was being seen, with quantitative easing being stopped across Europe. There would be less money available globally with uncertainty across the markets and more volatility expected moving forwards
- CCLA were trying to protect capital and income, with peaks and troughs of the market being constantly reviewed
- In relation to multi-asset funds, there were 18.5% companies listed in the UK, some of which had positive growth forecasts
- Investments were being made into infrastructure and property, which was not as volatile as in previous years
- In relation to fixed interest bonds, some links had been found with US holdings
- The fund size was £614m, with a yield of 3.3%. The fund continued to grow.

Paul Griffiths sought clarification as to whether the Health Board applied the same ethical principles as other organisations and charities. Members **NOTED** that most organisations shared similar views as to what they wished to ethically invest into and were advised that a significant discussion had been held with Board Members previously regarding the ethical investments for charitable funds. Members **NOTED** significant research continued to be undertaken in relation to the companies for ethical investment.

Members **NOTED** that the Board had approved a 2% income over the next two years and that performance looked positive for September, with a NET position of 12.4%. Members **NOTED** that performance had been an outlier in this quarter with risks being controlled in order to sustain performance and income.

Members **NOTED** that a significant amount of work was being undertaken in relation to forming coalitions in relation to risk management, identifying modern slavery, living wage, obesity, and the sugar tax, with the most significant risk over the next 50 years being climate change. There were a numbers of areas that were not being invested into with a zero tolerance approach in place. A discussion was held in relation to fracking and Members **NOTED** that even though there were no restrictions at present this did feature in areas of potential investment. In relation to investments made into countries with oppressive regimes, Members **NOTED** that no direct investment was being made into Africa and China due to concerns as to how companies treated their employees.

Members **NOTED** that there was no expectation of a recession in 2019, with questions remaining regarding a possible recession in 2020. The UK commercial property had performed strongly over the past 3-4 years, however there were indications that this was beginning to flatten. Members **NOTED** the CCLA annual management charge of 0.6% for all the work undertaken which was calculated on a daily basis and estimates could be provided on a monthly basis. Huw Evans advised Members that at present administration fees could not be separated out from the accounts.

The Chair extended his thanks to Antonia Cavalier for her presentation.

The Trustees **RESOLVED** to:

- **NOTE** the presentation from CCLA

CFT/18/06 **CWM TAF NHS GENERAL CHARITABLE FUND ACCOUNTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2018**

Huw Evans presented the Annual report and Accounts of the Cwm Taf NHS General Charitable Fund for approval. Members **NOTED** that the accounts would need to be registered by the Charity Commission by the 31 January and would be examined by the Wales Audit Office.

Members **NOTED** that the accounts showed a £322k income and £289k expenditure, with a fund balance at the end of year of nearly £2.1m. The balance sheet was being held in two separate areas, with investments as at the end of March of £1.7m.

Members **NOTED** that consideration would need to be given as to when some investments could be released, for example, 'Giving to Pink'. Members were advised that 'Giving to Pink' had not registered themselves as an individual charity and the funds they had raised has been subsumed into the Health Board's Charity fund. In this respect, the money raised had been ring-fenced to contribute towards the development of the Breast Unit.

Members **NOTED** the following key highlights:

- In relation to cash flows, no new monies had been invested
- Note 3 highlighted the detail regarding income from donations and legacies, with substantial legacy received during the year
- Note 4 highlighted that it was a requirement of the charitable fund accounts to recognise the contribution made by volunteers
- Note 7 highlighted the direct expenditure and administrative costs associated with managing the charity
- Note 13 provided an analysis of the investment fund

- Note 19 highlighted the funds that had been classified as restricted which could only be used for the purpose in which the donor had requested they be used for.

In relation to Note 4, Paul Griffiths requested that consideration was given to the tone of the last sentence to accurately reflect the considerable contribution made by volunteers within the Health Board. Huw Evans **AGREED** to discuss further with the Auditors.

Huw Evans presented Members with the Trustees Annual Report which highlighted the specific areas of quite significant charitable fund spend and the money that had been donated to the Health Board. Marcus Longley made reference to the reduction in donations from 2016/17 to 2017/18 and questioned the reasons behind this. Members **NOTED** that this mainly related to 'Giving to Pink' which had been very active during 2016/17, and that the Health Board did not generally receive large donations.

Members **RESOLVED** to:

- **APPROVE** the annual report and accounts, and
- **APPROVE** that the Chair sign the annual report and accounts on behalf of the Trustees.

CFT/18/07 **MANAGEMENT OF CHARITABLE FUND**

Huw Evans presented this report which advised Trustees of key issues associated with the management of charitable funds, particularly with regard to use of the unrealised investment surplus and the anticipated impact of the Bridgend Boundary Change from 1 April 2019.

Members **NOTED** that the Investment Strategy indicated that when the value of investment reached 20% consideration should be given to releasing some of this into individual funds. Members **NOTED** that investment had now reached £1.87m and the Audit Committee felt that the Charitable Funds Committee should make a decision on where to distribute the investments.

Members **NOTED** the options outlined in the report and that there had been a dip below the 20% threshold. In this respect, a recommendation was made to not distribute investments as yet and that as a consequence consideration would need to be given as to how the investment surplus could be protected following the Bridgend transition.

Members **NOTED** that in relation to use of funds, particularly where there had been no activity or where the funds had low balances, there were limitations as to how funds could be used as a result of wishes expressed by donors.

Members **NOTED** that progress had been made with fund holders to merge funds where possible and there would need to be recognition that there would be significant expenditure once approval was given of the new Breast Unit.

Members **NOTED** that in relation to the Bridgend Boundary change, there was an expectation that any funds managed by Abertawe Bro Morgannwg UHB relating to Bridgend would be transferred over to the new organisation. Members **NOTED** that governance issues relating to the transfer of funds were being considered by one of the transition workstreams.

Members **NOTED** that the proposed name change would affect the registering of new funds and the Health Board would have a much bigger charity to manage, which would require resourcing.

Chris Turner, on behalf of the Audit Committee, advised Members that regular update reports on Charitable Funds had been presented to the Committee and provided assurance that appropriate stewardship was in place. Members **NOTED** that the Audit Committee had raised concerns that funds were not being spent and were fully aware of some of the restrictions in place.

Paul Griffiths advised that from April 2019, the Health Board would be holding £3m in charitable funds which would be spread out amongst a number of fund holders and questioned whether consideration could be given to an alternative way of setting the accounts once Bridgend transition had taken place and suggested that external advice may be required as to the best way forward. Allison Williams agreed with the comments made and that Bridgend would create new opportunities and challenges, and suggested that a further discussion may need to be held with Trustees in Summer 2019 to discuss the best way forward and the strategic direction.

Marcus Longley questioned whether consideration had been given to other ways of increasing income, for example, staff lotteries and fund raising campaigns. Members **NOTED** that a previous discussion had been held by the Audit Committee regarding fundraising and further consideration could be given to this moving forward.

Members **RESOLVED** to:

- **NOTE** the contents of the report
- **APPROVE** the request to retain the investment surplus as a buffer, given current volatility, and the need to protect for future use within current Cwm Taf services.

- **NOTE** the issues regarding use of funds and the on-going work in respect of the transfer of funds as part of the Bridgend Boundary Change Programme.

CFT/18/08 **ANY OTHER BUSINESS**

Allison Williams advised that that this would be the last time that Huw Evans would be in attendance at the Charitable Fund Committee as he would be retiring. Allison Williams formally extended her thanks to Huw Evans for all of the work he had undertaken over a number of years.

CFT/18/09 **DATE OF NEXT MEETING**

To be held in 12 months – date to be confirmed

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MARCUS LONGLEY

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DATE (31 October 2018)