

Charitable Funds Committee

Wed 11 August 2021, 10:30 - 12:00

Virtually via Microsoft Teams

Agenda

10:30 - 10:30
0 min

1. PRELIMINARY MATTERS

Information Keiron Montague

1.1. Welcome & Introductions

Information Keiron Montague

1.2. Apologies for Absence

Information Keiron Montague

1.3. Declarations of Interest

Information Keiron Montague

10:30 - 10:30
0 min

2. MAIN AGENDA

2.1. Review of Terms of Reference

Discussion Georgina Galletly

- 📄 2.1a CTMUHB Amendment to Standing Orders - ToR CFC Cover Report CFC 11 August 2021.pdf (3 pages)
- 📄 2.1b Appendix 1 GC01 Standing Orders - Schedule 3.2 - Charitable Funds Committee TOR - Final January 2021.pdf (10 pages)

2.2. Review of Charity Objectives

Discussion Sally May

- 📄 2.2 Review of objectives - CFC 11 August 2021-amended.pdf (5 pages)

2.3. Cwm Taf Morgannwg NHS General Charitable Funds Update as at 30 June 2021

Discussion Sally May

- 📄 2.3a Charitable Fund update as at June 30 2021 CFC 11 August 2021 - amended.pdf (8 pages)
- 📄 2.3b Appendix A - Summary of Charitable Funds 30.06.21 CFC 11 August 2021.pdf (1 pages)

2.4. Update on Covid-19 Charitable Funding

Discussion Sally May

- 📄 2.4 Covid-19 Update - CFC 11 August 2021 - amended.pdf (6 pages)

2.5. Audit Wales 2020/2021 Audit Plan

Discussion Audit Wales

- 📄 2.5 Audit Wales 2020 2021 Audit Plan CFC 11 August 2021.pdf (14 pages)

2.6. Staff Lottery Briefing

10:30 - 10:30
0 min

3. ANY OTHER BUSINESS

Information

Keiron Montague

10:30 - 10:30
0 min

4. DATE AND TIME OF NEXT MEETING

Information

Keiron Montague

10:30 - 10:30
0 min

5. CLOSE OF MEETING



AGENDA ITEM

2.1

CHARITABLE FUNDS COMMITTEE

ANNUAL REVIEW OF TERMS OF REFERENCE

Date of meeting	11/08/2021
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
Prepared by	Emma Walters, Corporate Governance Manager
Presented by	Georgina Galletly Director of Corporate Governance
Approving Executive Sponsor	Director of Corporate Governance
Report purpose	FOR DISCUSSION / REVIEW

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals	Date	Outcome
Health Board	28.1.2021	APPROVED

ACRONYMS

SO's	Standing Orders
ToR	Terms of Reference

1. SITUATION/BACKGROUND

- 1.1 The Cwm Taf Morgannwg University Health Board Standing Orders form the basis upon which the Health Board's governance and accountability framework is developed and, together with the adoption of the Health Boards Standards of Behaviour Policy is designed to ensure the achievement of the standards of good governance set for the NHS in Wales.
- 1.2 All Health Board members and officers must be made aware of these Standing Orders and, where appropriate, should be familiar with their detailed content.
- 1.3 In accordance with the Standing Orders the Terms of Reference for Board Committees should be reviewed on an annual basis.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 *Standing Orders – Schedule 3 – Terms of Reference for the Charitable Funds Committee.*
- 2.2 The terms of reference (**Appendix 1**) were last approved by the Board at its meeting held on 28 January 2021. The Committee are asked to consider if any further review or amendment is required at this stage.

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 If further amendments are made the Terms of Reference will be submitted to the Health Board meeting in September for approval.

4. IMPACT ASSESSMENT

Quality Impact (Quality, Safety, Patient Experience Implications)	Evidence suggests there is correlation between governance behaviours in an organisation and the level of performance achieved at that same organisation. Therefore ensuring good governance within the Trust can support quality care.
Related Health and Care	Governance, Leadership and Accountability



standard(s)	If more than one Healthcare Standard applies please list below:
Equality impact assessment completed	Not required
Legal implications / impact	There are no specific legal implications related to the activity outlined in this report.
Resource (Capital/Revenue £/Workforce) implications / Impact	There is no direct impact on resources as a result of the activity outlined in this report.
Link to Strategic Well-being Objectives	Provide high quality, evidence based, and accessible care

5. RECOMMENDATION

5.1 The Charitable Funds Committee is asked to **REVIEW** the Terms of Reference.

Schedule 3.2

BOARD COMMITTEE ARRANGEMENTS

**This Schedule forms part of, and shall have effect as if incorporated in the
University Health Board Standing Orders**

CHARITABLE FUNDS COMMITTEE

TERMS OF REFERENCE & OPERATING ARRANGEMENTS

INTRODUCTION

The Cwm Taf Morgannwg University Health Board (CTMUHB) Standing Orders provide that "The Board may and, where directed by the Welsh Government must, appoint Committees of the LHB Board either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees".

In accordance with standing orders (and the LHB CTMUHB scheme of delegation), the Board shall nominate a committee to be known as the **Charitable Funds Committee**. The detailed terms of reference and operating arrangements set by the Board in respect of this committee are set out below.

The Charity Registration Number is: 1049765

CONSTITUTION AND PURPOSE

The CTMUHB is appointed as corporate trustee of the charitable funds and its Board serves as its agent in the administration of the charitable funds held by the CTMUHB.

The purpose of the Committee is to make and monitor arrangements for the control and management of the CTMUHB's Charitable Funds.

SCOPE AND DUTIES

The purpose of the Charitable Funds Committee (the Committee) is to:

- provide advice to the Corporate Trustee in the discharge of its duties and responsibilities for charitable funds
- discharge delegated responsibilities from the Corporate Trustee for the control and management of Charitable Funds
- Provide advice to the Trustee on its charitable funds strategy, including fundraising, budgets, priorities and spending criteria
- Within the strategy, budget, priorities and spending criteria determined by the Health Board as Trustee, and consistent with the requirements of the Charities, Charities Act 2011 apply the charitable funds in accordance

with their respective governing documents and the Health Board's Charitable Funds objectives.

- To ensure that the policies and procedures for charitable funds investments are followed. To make decisions involving the sound investment of charitable funds in a way that both preserves their value and produces a proper return consistent with prudent investment and ensuring compliance with:
 - Trustee Act 2000
 - The Charities Act 2011
 - The Cwm Taf Morgannwg NHS General Charitable Fund – (1049765) Governing documents

whilst ensuring funds are used for the benefit of the communities serviced by CTMUHB.

- To receive at least twice a year, reports for ratification from the Executive Director of Finance and investment decisions and action taken through delegated powers upon the advice of the investment adviser.
- To oversee and monitor the functions performed by the Executive Director of Finance as defined in Standing Financial instructions.
- To respond to, and monitor the level of donations and legacies received, including the progress of any Charitable Appeal Funds where these are in place and considered to be material.
- To monitor and review CTMUHB's scheme of delegation for Charitable Funds expenditure and to set and reflect in Financial Procedures the approved delegated limits for expenditure from Charitable Funds.
- To ensure that funds are being utilised appropriately in accordance with both the instructions and wishes of the donor, and to ensure that fund balances are maintained in accordance with the Reserves Policy.

DELEGATED POWERS

Although the Board has delegated authority to the Committee for the exercise of certain functions as set out within these terms of reference, it retains overall responsibility and accountability for ensuring the quality and safety of healthcare for its citizens through the effective governance of its organisation.

The Executive Director of Finance has prime responsibility for the Health Board's Charitable Funds as defined in the Standing Financial Instructions. The specific powers, duties and responsibilities delegated to the Director of Finance are:

- administration of all existing charitable funds
- to identify any new charity that may be created (of which the Health Board is a trustee) and to deal with any legal steps that may be required to formalise the trusts of any such charity
- provide guidelines with regard to donations, legacies and bequests, fundraising and trading income
- responsibility for the management of investment of funds held on trust
- ensure appropriate banking services are available
- prepare reports to the Trustee including the Annual Accounts and Annual Report.

AUTHORITY

The Committee is authorised by the Board to:

- oversee the day to day management of the investments of the charitable funds in accordance with the investment strategy set down from time to time by the Trustee and the requirements of the Health Board's Standing Financial Instructions
- appoint an investment manager to advise on investment matters and may delegate day-to-day management of some or all of the investments to that investment manager. In exercising this power, the Committee must ensure that:
 - the scope of the power delegated is clearly set out in writing and communicated with the person or persons who will exercise it
 - There are in place adequate internal controls and procedures which will ensure that the power is being exercised properly and prudently
 - The performance of the person or persons exercising the delegated power is regularly reviewed

- Where an investment manager is appointed, that the person is regulated under the Financial Services Act 1986
- Acquisitions or disposal of a material nature must always have written authority of the Committee or the Chair of the Committee in conjunction with the Director of Finance.
- ensure that the banking arrangements for the charitable funds are kept entirely distinct from the Health Board's NHS funds
- ensure that arrangements are in place to maintain current account balances at minimum operational levels consistent with meeting expenditure obligations, the balance of funds being invested in interest bearing deposit accounts
- ensure the amount to be invested or redeemed from the sale of investments shall have regard to the requirements for immediate and future expenditure commitments
- ensure the operation of an investment pool when this is considered appropriate to the charity in accordance with charity law and the directions and guidance of the Charity Commission. The Committee shall propose the basis to the Health Board for applying accrued income to individual funds in line with charity law and Charity Commissioner guidance
- obtain appropriate professional advice to support its investment activities
- regularly review investments to see if other opportunities or investment services offer a better return.
- Regularly review risks included on the organisational Risk Register and assigned to the Committee by the Board;

The Committee is authorised by the Board to:

- Investigate or have investigated any activity within its Terms of Reference and in performing these duties shall have the right, at all reasonable times, to inspect any books, records or documents of the Health Board relevant to the Committee's remit. It can seek any relevant information it requires from any employee and all employees are directed to cooperate with any reasonable request made by the Committee

- obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, subject to the Board's budgetary and other requirements, and
- by giving reasonable notice, require the attendance of any of the officers or employees and auditors of the Board at any meeting of the Committee.

Sub Committee

The Committee may, subject to the approval of the Board, establish sub committees or task and finish groups to carry out on its behalf specific aspects of Committee business. At this stage, no sub Committees/task and finish groups have been established.

ACCESS

The Head of Internal Audit shall have unrestricted and confidential access to the Chair of the Committee.

MEMBERSHIP

Members:

A minimum of **5** members, comprising:

Chair	Independent Member of the Board
Vice Chair	Independent Member or Members of the Board
Members	One other Independent Member
	The Chief Executive and Executive Director of Finance (one of which at any one meeting may be represented by a Nominated Representative in their absence).

At least half of the overall membership must be Independent Members.

All Members of the Board (as Corporate Trustee) are welcome to attend the Committee.

Attendees:

The Committee may require the attendance for advice, support and information routinely at meetings from:

- Director of Corporate Governance / Board Secretary
- Charitable Funds Accountant
- Health Board Investment Advisor
- Assistant Director, Patient Experience
- Chair of any Committee

By Invitation:

The Committee Chair may extend invitations to attend committee meetings to others from within or outside the organisation who the Committee considers should attend, taking account of the matters under consideration.

Secretariat

The Director of Governance / Board Secretary will determine the secretarial and support arrangements for the Committee.

Member Appointments

The membership of the Committee shall be determined by the Board, based on the recommendation of the Health Board Chair, taking account of the balance of skills and expertise necessary to deliver the Committee's remit and subject to any specific requirements or directions made by the Welsh Government.

Members shall be appointed for a maximum of 3 consecutive years before formally reviewing their role on the Committee. During this time a member may resign or be removed by the Board.

Support to Committee Members

The Director of Corporate Governance / Board Secretary, on behalf of the Committee Chair, shall:

- Arrange the provision of advice and support to committee members on any aspect related to the conduct of their role, and
- Co-ordinate the provision of a programme of organisational development for committee members as part of the overall Health Board's Organisational Development programme developed by the Executive Director of Workforce & Organisational Development.

COMMITTEE MEETINGS

Quorum

Page 7 of 10

GC01 – Standing Orders – Schedule 2 – Board Committee Terms of Reference – Charitable Funds Committee

Approved: 28.1.2021

At least 3 members must be present to ensure the quorum of the Committee. Of these three, two must be Independent Members (one of whom is the Chair or Vice Chair) and one must be the Executive Director of Finance (or the Deputy Director of Finance).

Frequency of Meetings

Meetings shall be held at least twice a year and otherwise as the Committee Chair deems necessary – and consistent with the Health Board's Annual Plan.

Withdrawal of Individuals in Attendance

The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

Circulation of Papers

The Director of Governance / Board Secretary will ensure that all papers are distributed at least 7 calendar days in advance of the meeting.

REPORTING AND ASSURANCE ARRANGEMENTS

The Committee Chair shall:

- Agree arrangements with the Health Board Chair to report to the Board in their capacity as Trustee. This may include, where appropriate, a separate meeting with the Board
- report formally, regularly and on a timely basis to the Board on the Committee's activities. This includes verbal updates on activity and the submission of written highlight reports throughout the year;
- bring to the Board's specific attention any significant matters under consideration by the Committee;
- ensure appropriate escalation arrangements are in place to alert the CTMUHB Chair, Chief Executive or Chairs of other relevant committees of any urgent/critical matters that may affect the operation and/or reputation of the UHB.

The Committee shall provide a written, annual report to the Board on its work in support of the Annual Governance Statement specifically

commenting on the adequacy of the assurance arrangement, the extent to which risk management is comprehensively embedded throughout the organisation, the integration of governance arrangements and the appropriateness of self-assessment activity against relevant standards. The report will also record the results of the Committees self-assessment and evaluation.

The Board may also require the Committee Chair to report upon the activities at public meetings or to community partners and other stakeholders, where this is considered appropriate e.g. where the Committee's assurance role relates to a joint or shared responsibility.

The Director of Governance / Board Secretary, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation.

RELATIONSHIP WITH THE BOARD AND ITS COMMITTEES/GROUPS

Although the Board has delegated authority to the Committee for the exercise of certain functions as set out within these terms of reference, it retains overall responsibility and accountability for the safety, security and use of information to support the quality and safety of healthcare for its citizens through the effective governance of the Organisation.

The Committee is directly accountable to the Board, in its capacity as Trustee, for its performance in exercising the functions set out in these terms of reference.

The Committee, through the Committee Chair and members, shall work closely with the Board's other committees and groups to provide advice and assurance to the Board through the:

- joint planning and co-ordination of Board and Committee business
- appropriate sharing of information

In doing so, contributing to the integration of good governance across the Organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.

The Committee shall embed the corporate goals and priorities through the conduct of its business, and in doing and transacting its business shall seek assurance that adequate consideration has been given to the sustainable development principle and in meeting the requirements of the Well-Being of Future Generations Act.

APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

The requirements for the conduct of business as set out in the CTMUHB Standing Orders are equally applicable to the operation of the Committee, except in the area relating to the Quorum.

CHAIR'S ACTION ON URGENT MATTERS

There may, occasionally, be circumstances where decisions which normally be made by the Committee need to be taken between scheduled meetings. In these circumstances, the Committee Chair, supported by the Director of Corporate Governance as appropriate, may deal with the matter on behalf of the Board, after first consulting with one other Independent Members of the Committee. The Director of Corporate Governance must ensure that any such action is formally recorded and reported to the next meeting of the Committee for consideration and ratification.

Chair's urgent action may not be taken where the Chair has a personal or business interest in the urgent matter requiring decision.

REVIEW

These Terms of Reference shall be adopted by the Committee at its first meeting and subject to review at least on an annual basis thereafter, with approval ratified by the Health Board.

Definitions:

Corporate Trustee – a person having the general control and management of the administration of a charity regardless of what they are called. (All voting Board Members are Charitable Fund Trustees).

Addendum: Charity Commission – Glossary of Terms



AGENDA ITEM

2.2

CHARITABLE FUNDS COMMITTEE

REVIEW OF CHARITABLE FUNDS OBJECTIVES

Date of meeting

11/08/2021

FOI Status

Open/Public

If closed please indicate reason

Not Applicable - Public Report

Prepared by

Owen James – Head of Corporate Finance

Presented by

Sally May – Director of Finance (TBC)

Approving Executive Sponsor

Executive Director of Finance

Report purpose

FOR DISCUSSION / REVIEW

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals

Date

Outcome

(Insert Name)

(DD/MM/YYYY)

Choose an item.

ACRONYMS

UHB

University Health Board

1. SITUATION/BACKGROUND

- 1.1 Cwm Taf Morgannwg UHB is the corporate trustee of the Cwm Taf Morgannwg NHS General Charitable Fund, and the funds are held on trust under paragraph 16c of Schedule 2 of the NHS and Community Care Act 1990. The role of the trustee however, is essentially performed by the Board of Cwm Taf Morgannwg UHB.



- 1.2 The Board of Cwm Taf Morgannwg UHB is in overall control of all funds held by the Charity. Due to the number of funds held for specific purposes, the Trustees delegate day-to-day administration to Fund Managers. These managers oversee the balances of funds and identify expenditure needs where appropriate.

In accordance with the scheme of delegation any expenditure up to £5k can be approved by the designated fund signatories, subject to confirmation from the Finance Department that sufficient funds are available and the expenditure item is consistent with the fund's objectives. Applications for the remaining expenditure are submitted to the Chief Executive or Deputy Chief Executive for approval and authorisation, on behalf of the Trustees. For expenditure above £50,000 approval is required by the Charitable Funds Committee.

- 1.3 Standing Orders provide that "The Board may and, where directed by the Welsh Government must, appoint Committees of the Board either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees".

In accordance with Standing Orders (and the CTMUHB scheme of delegation), the Board has nominated the Charitable Funds Committee.

- 1.4 The purpose of Cwm Taf Morgannwg UHB's Charitable Funds Committee is to make and monitor arrangements for the control and management of the Health Board's Charitable Funds.
- 1.5 The scope and duties; delegated powers; and authority of the Charitable Fund Committee are set out in detail in the "Terms of Reference and Operating Arrangements" Standing Orders, which are being brought to this Charitable Fund Committee meeting for review.
- 1.6 Following the establishment of Cwm Taf NHS General Charitable Fund the objectives of the charity are:

The Trustees shall hold the funds upon trust to apply the income, and at their discretion so far as permissible, the capital, for any charitable purpose or purposes relating to the National Health Service (wholly or mainly for the service provided by Cwm Taf Morgannwg UHB) and for any other Health Services for which specific monies have been donated for use within the UK or overseas.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

- 2.1 The Charitable Funds Committee is asked to review the objectives of the Charitable Funds and comment on any changes or additions to the objectives required.

Charitable Funds Objectives and Activities for the public benefit

- 2.2 The Cwm Taf NHS General Charitable Fund is funded by donations and legacies received from patients, their relatives, and the general public and other external organisations. It is a grant-making charity, the purpose of which is the relief of those who are ill or disabled and the advancement of education through training.

- 2.3 The overall strategy of the Charity, to enable it to provide this support is achieved by the following means:

Patients Expenditure - Through the purchase of **small** equipment and the provision of services and facilities not normally provided or in addition to the normal NHS provision.

Staff Expenditure - a) Motivation of staff, by improving staff facilities and by providing services that improve staff wellbeing.
b) Education support for staff supplementing that provided by the UHB.

Capital Equipment - By the purchase of equipment.
Research - By the funding of staff and purchase of equipment used in the research and development projects carried out by the UHB.

- 2.4 An initial recommendation to the Committee is to remove the word "small" highlighted above from the overall strategy, as this may not always be the case and there may be some more significant equipment purchased, therefore this is not required.

- 2.5 To fulfil the charitable aims and objectives, the strategy of the charitable funds under the control of CTMUHB, as Corporate Trustee, is to support the HB by providing funds to support a wide range of charitable and health related activities benefiting both patients and staff. In general they are used to purchase the varied additional goods and services that the NHS is unable to provide.

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

- 3.1 Since the start of the Covid-19 pandemic there has been a significant increase in the level of donations received by the Charitable Fund. While the objectives set out above are still applicable, there may be a need to take a more co-ordinated and strategic approach to using the funds to get the best value-for-money from the donations. Fund holders have been identified for new Covid-19 funds, officers will continue to provide information, and updates to the appropriate people to ensure there is a planned and co-ordinated approach to expenditure.
- 3.2 Currently there is not a long-term, strategic approach for the plans of the Charitable Fund commensurate with its increased value, both from the point of view of future fundraising activities and plans for use of funds. Officers will develop this strategy and report to the Charitable Funds Committee in the future.

4. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability
	If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below) No change or withdrawal of policy or services.
	Not required
Legal implications / impact	There are no specific legal implications related to the activity outlined in this report.
Resource (Capital/Revenue £/Workforce) implications / Impact	There is no direct impact on resources as a result of the activity outlined in this report.



Link to Strategic Well-being Objectives

Ensure sustainability in all that we do, economically, environmentally and socially

5. RECOMMENDATION

- 5.1 To **DISCUSS and REVIEW** the strategy of the Cwm Taf NHS General Charitable Fund.
- 5.2 **APPROVE** the removal of the word “small” from the strategy.



AGENDA ITEM

2.3

CHARITABLE FUNDS COMMITTEE

**CWM TAF MORGANNWG NHS GENERAL CHARITABLE FUNDS UPDATE
AS AT 30 JUNE 2021.**

Date of meeting

11/08/2021

FOI Status

Open/Public

**If closed please indicate
reason**

Not Applicable - Public Report

Prepared by

Owen James – Head of Corporate Finance

Presented by

Sally May – Director of Finance (TBC)

Approving Executive Sponsor

Executive Director of Finance

Report purpose

ENDORSE FOR BOARD APPROVAL

**Engagement (internal/external) undertaken to date (including
receipt/consideration at Committee/group)**

Committee/Group/Individuals

Date

Outcome

(Insert Name)

(DD/MM/YYYY)

Choose an item.

ACRONYMS

UHB

University Health Board

1. SITUATION/BACKGROUND

- 1.1 To advise the Charitable Funds Committee of the activity and balances on charitable funds as at 30 June 2021. This report also provides further analysis over their use by both fund type and location. An update is provided on the investment performance within this report. The previous update to 28th February 2021 was provided to the CTM Board on 25th March



2021, therefore this report provides an update from 28th February onwards.

- 1.2 This report provides details on the contract performance against the HB's Investment Strategy as noted within section 2 of this report and the distribution of the unrealised gain in excess of the 20% of the market value of the investments.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

2.1 Balances held by the Charitable Fund

Balances held by the Charitable Fund as at 30 June 2021 are summarised in Appendix A analysed by fund type and location. Income received and expenditure incurred during the period 28th February 2021 to 30 June 2021 are also shown.

The balance at the end of June 2021 was £3.226m, which excludes the unrealised gain on investments referred to below.

2.2 Investment Update and Investment Strategy

The investment strategy for CTM NHS Charitable Fund is as follows:

"The charity will invest funds not required for immediate expenditure in suitable investments approved by the Audit Committee, in conjunction with guidance from its investment advisors. The aim of the investment strategy is to deliver a positive real return of at least CPI + 1% with a minimum of risk.

The level of risk inherent in the investment portfolio shall have volatility (maximum drawdown) of less than 20% over a 5 year period.*

The charity will strive to maximise income from investment dividends and interest, which will be used to fund administration costs and protect funds from inflation.

Increases in capital values will be used to build up a reserve to protect the funds from any subsequent fall in capital values, and therefore individual fund balances.



Should the reserve exceed 20% of the overall investment, any excess will be distributed to individual fund balances, subject to Audit Committee approval.

The investment strategy will be reviewed on an annual basis, with particular regard to the level of risk and returns expected.

**maximum drawdown represents the largest drop in the value of an asset class from its peak to its lowest point over a period."*

Balances are held in two places, with investments being held in CCLA and remaining cash balances being held in the ring-fenced Barclays bank account.

As at 30th June 2021 the investment balances are as follows:

CCLA

The total units remain at 783,307.83.

The market value at 30 June 2021 is £2.297m compared to £2.105m at 28th February 2021 as last reported to the Board. The monetary value of the cash invested in CCLA is £1.5m as such a surplus of £0.797m (53%) has been achieved cumulatively.

As per the investment strategy, should the reserve exceed 20% of the overall investment, any excess will be distributed to individual fund balances, subject to Audit Committee approval.

At the board meeting in March it was agreed to retain surpluses centrally and not distribute any surplus to individual funds, and an assessment will be made of whether and when to release some or all of the excess over 20% and an appropriate recommendation made after the Covid recovery period.

A performance review of the investments was carried out and presented to the Health Board in March and it was agreed that the contract with CCLA would be extended to 31st July 2023.

The Board also approved that a further £600,000 would be invested in the CCLA to reduce the excess cash balance in the account. At the 30th June this had not been actioned, however the investment is now



taking place and at the time of the Committee the £600,000 would have been actioned, taking the total cash value invested to £2.1m.

Barclays Bank

As a result of the Bridgend transfer and increase of funding from Covid-19 donations and grants, the current bank balance as at 30 June 2021 is £1.729m (£1.129m after £600k investment with CCLA).

The Barclays savings account provides little return on investment as interest rates are low. However, the assessment made on balances required over the short/medium term for utilisation and contingency required the balance to be held as cash of c£1.1m; therefore the current balance held is deemed appropriate.

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

3.1 Investment Strategy

Due to the transfer of funds from Bridgend, further donations and grants received for Covid-19, the number and value of funds have increased significantly over the past couple of years and is likely to increase further as more grants are received from NHS Charities Together over the coming year.

Since the 31st March 2019 the balance on the fund has increased from £1.859m to £3.226m, an increase of over 73%. Currently funds are held in two places, for long-term investments funds are invested in the CCLA ethical fund and for short-term quick access it is held within the ring-fenced Barclays savings account referred to above. The interest rates within the Barclays account are currently very low and providing little return. It is proposed a review is undertaken which will identify instruments for investing the short term funds (i.e. the circa £1.1m referred to above) in different financial instruments which may achieve a better return on these funds.

This will look at the anticipated cash flow of the funds and may involve looking at investing funds for different periods i.e. 3 monthly/half-yearly maturity periods. While the overall investment strategy for longer term funds will not change, the following limits and controls will be identified for a more differentiated approach to short term funds:

- Maturity/time limits on investments
- Maximum values with one individual counterparty/group to limit risk

- Minimum credit ratings where applicable
- Types of investments allowed.

Charitable Funds Committee are asked to NOTE the proposed change to investing the short-term funding, noting a future paper will be brought to the Committee to approve the proposed investments that will be made.

3.2 **Excess reserves (unrealised gains) over 20%**

As previously highlighted, any gains that exceed over 20% are, as per the investment strategy, to be distributed to individual fund balances. The surplus exceeding 20% as at the end of June is £497k, which equates to 15% of the Charitable Fund Balances.

At the March board it was agreed not to distribute these funds due to the significant uncertainty around the economy and thus investment values. An assessment has been made and it is now recommended that the unrealised gains over 20% are released for use.

The Charitable Funds Committee are requested to ENDORSE to the Health Board the release of the excess reserves over 20%.

3.3 **Distribution of excess reserves**

The investment strategy states:

*"Should the reserve exceed 20% of the overall investment, any excess will be distributed to individual fund balances, subject to **Audit Committee** approval."*

Audit Committee – should be replaced with Charitable Funds Committee as per Standing Orders.

The following recommendations are made in relation to the use of the £497k to be released:



- I. £50,000 is set aside in an enabling fund, which can be used to underwrite fundraising activities, which will look to generate a net gain to the fund over the longer term. This would allow for potential opportunities for fundraising to be taken forward through the utilisation of the fund to provide cash flow management of a fundraising activities (e.g. underwriting start-up costs of a staff lottery).
- II. It is recognised that individual funds received a small net cost to the funds in 2020/21, due to administration charges exceeding investment income; while the gains from the increased valuations of investments were not distributed. It is proposed that these charges will be reversed from the excess reserves.
- III. The remaining balance of the excess reserves (likely to be in excess of £400,000), is placed into the HB wide general-purpose fund (fund holder - Paul Mears). This is how unrealised gains are dealt with in a number of other NHS Wales Charitable Funds, and the benefits of this include:
 - i) Enabling a better long-term planned use of the gains achieved from investments, linking into the need for a more strategic approach to using Charitable Funds.
 - ii) Allowing expenditure in areas of need that may otherwise not have access to Charitable Funds.
 - iii) Will give greater visibility to the level of unrealised gains, the risk of decreases in values will impact the general reserve rather than individual funds.
 - iv) Future net costs from management and administration costs exceeding investment income, if this occurs, will be paid for from gains from investments on the general reserve rather than passed onto individual funds, giving greater stability on individual funds.



- IV. The investment strategy is updated to reflect the distribution of excess reserves over 20% will be distributed to the HB Wide general purpose reserve.

Charitable Funds Committee are requested to ENDORSE to the Health Board the change in distribution of the excess reserves as outlined in I; II; III and IV above.

4. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability
	If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below)
	No change or withdrawal of policy or services.
Legal implications / impact	Yes (Include further detail below)
	Charitable funds are required to be managed in accordance with charity legislation and requirements of the Charity Commissioner.
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below)
	To advise the Charitable Funds Committee of the activity and balances on charitable funds as at 30 th June 2021.
Link to Strategic Well-being Objectives	Provide high quality, evidence based, and accessible care

5. RECOMMENDATION

5.1 The Charitable Funds Committee are requested to:

- **NOTE** the current balances and investment performance of Cwm Taf Morgannwg NHS General Charitable Funds.
- **APPROVE** the change in the Investment Strategy to remove "Audit Committee" and replace with "Charitable Funds Committee" and **NOTE** the proposed change to investing short-term funds, noting a paper with specific proposals will be brought to a future Charitable Funds Committee
- **ENDORSE TO THE HEALTH BOARD** the release of the excess reserves above 20%
- In relation to the distribution of the excess reserves above 20%, **ENDORSE TO THE HEALTH BOARD:**
 - the creation of a £50,000 enabling fund for underwriting fund-raising activities
 - change to the method of distribution of the excess reserves
 - reimbursement of management and admin charges to individual funds for 2020/21 if they exceed investment income
 - update of the Investment Strategy to reflect change in distribution method.

APPENDIX A										
Summary of Funds and Transactions 28.02.21 - 30.06.21										
				Previous Period(s)						
No of Funds	No of Funds	No of Funds		Balance 28.02.21	Income	Expend.	Balance 31.03.21	Income Mar-Jun	Expend Mar-Jun	Balance 30.06.2021
31.03.20	31.03.2021	30.06.2021		£	£	£	£	£	£	£
A				By TYPE						
10	76	76	General Purposes	1,362,475.91	120,509.05	(92,062.26)	1,390,922.70	35,776.34	(13,423.15)	1,413,275.89
58	62	62	Specific Purposes	1,609,025.07	42,695.63	(52,420.43)	1,599,300.27	18,947.63	(6,820.86)	1,611,427.04
5	5	5	Post Graduate Education	18,562.30	569.74	(606.48)	18,525.56	0.00	0.00	18,525.56
13	12	12	Research	185,251.95	8,513.72	(10,374.97)	183,390.70	1,000.00	(1,950.00)	182,440.70
86	155	155	Total	3,175,315.23	172,288.14	(155,464.14)	3,192,139.23	55,723.97	(22,194.01)	3,225,669.19
B				By Location						
33	32	30	RGH	371,084.56	10,256.23	(11,963.40)	369,377.39	830.00	(4,393.61)	365,813.78
17	15	14	PCH	307,065.49	16,357.30	(14,690.43)	308,732.36	21,747.09	(2,337.72)	328,141.73
0	0	70	POW	1,073,674.72	55,455.20	(82,189.90)	1,046,940.02	20,622.98	(12,362.75)	1,055,200.25
9	11	11	RGH/PCH Combined	513,595.68	6,281.59	(6,083.29)	513,793.98	3,536.00	(205.00)	517,124.98
7	6	6	YCR	24,844.04	840.66	(783.61)	24,901.09	135.09	0.00	25,036.18
6	6	6	YCC	265,167.24	65,407.95	(11,402.31)	319,172.88	3,681.92	(2,001.40)	320,853.40
1	1	1	Dewi Sant	596.63	15.36	(17.26)	594.73	0.00	0.00	594.73
1	1	1	Y Bwthyn	20,769.21	614.76	(600.86)	20,783.11	0.00	0.00	20,783.11
4	3	1	YGT	5,573.14	193.55	(161.25)	5,605.44	725.00	0.00	6,330.44
5	5	5	Mental Health Unit	13,912.28	333.96	(355.62)	13,890.62	980.00	(153.55)	14,717.07
1	1	1	CAMHS	17,434.86	298.79	(3,098.99)	14,634.66	0.00	(89.98)	14,544.68
4	4	3	Community	9,299.27	245.08	(272.73)	9,271.62	0.00	0.00	9,271.62
3	4	5	LHB Wide	552,298.11	15,987.71	(23,844.49)	544,441.33	3,465.89	(650.00)	547,257.22
1	1	1	Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
92	90	155		3,175,315.23	172,288.14	(155,464.14)	3,192,139.23	55,723.97	(22,194.01)	3,225,669.19



AGENDA ITEM

2.4

CHARITABLE FUNDS COMMITTEE

COVID-19 CHARITABLE FUNDS UPDATE

Date of meeting

11/08/2021

FOI Status

Open/Public

If closed please indicate reason

Not Applicable - Public Report

Prepared by

Owen James – Head of Corporate Finance

Presented by

Sally May – Director of Finance (TBC)

Approving Executive Sponsor

Executive Director of Finance

Report purpose

FOR APPROVAL

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals

Date

Outcome

(Insert Name)

(DD/MM/YYYY)

Choose an item.

ACRONYMS

NHSCT

NHS CHARITIES TOGETHER

CTMUHB

CWM TAFF MORGANNWG UNIVERSITY HEALTH BOARD

1. SITUATION/BACKGROUND

- 1.1 This report is to provide the Charitable Funds Committee with an update of the various sources of donations and funding that have been received in relation to Covid-19 and how these are being managed.

- 1.2 The Charitable Fund Committee is also requested to approve any expenditure over £50,000 in line with the Scheme of Delegation (Section 3).
- 1.3 Since the start of the pandemic, the Charitable Funds have received a large number of donations in various forms including those direct from members of the public, businesses and organisations and grants from the NHS Charities Together (NHSCT) charity.
- 1.4 The majority of funding received can be used Health Board wide, but there have been a number of donations received which have been requested to be used at specific sites, these have been ring-fenced accordingly.
- 1.5 Initially the extent and level of the donations that would be received was unknown, and the donations were put under one Covid-19 fund with the Assistant Director of Employee Experience & Wellbeing as the fund holder. However, since then NHSCT have raised a significant amount of money through their fundraising, including the money raised by the Captain Sir Tom Moore fund. CTMUHB Charitable Fund has benefited by receiving grant allocations from this.
- 1.6 Given the significant values and complexities surrounding the applications and use of the grants, the Executive Team agreed to increase the number of fund holders and split them across the various "tranches" of donations. Whilst all the grants from NHSCT haven't been received to date, the following fund holders have been agreed:
 - Stage 1 Urgent Response Grants – Assistant Director of Employee Experience and Wellbeing & Strategic Lead for Wellbeing and Employee Experience
 - Stage 2 Community Partnerships Grant – Director of Primary, Community & Mental Health
 - Stage 3 Recovery grants – Executive Director of Therapies and Health Science & Executive Director of People
 - Other "general" donations – CEO
- 1.7 To note the governance and control procedures for expenditure from the Covid-19 fund is the same as any other Charitable Fund.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

2.1 Covid-19 Funding received

As at the 30th June 2021 the following Covid-19 donations have been received, utilised, or committed for use:

	PCH £	POW £	RGH £	HB Wide £	NHSCT Stage 1 £	Total £
Received to date	26,658.17	5,302.55	1,814.60	106,624.85	168,100.00	308,500.17
Spent / Committed	(3,457.95)	(2,870.00)	-	(7,552.43)	(14,943.15)	(28,823.53)
Remaining balance	23,200.22	2,432.55	1,814.60	99,072.42	153,156.85	279,676.64

2.2 Future NHSCT funding

As shown above, to date the Charitable Fund has only received the Stage 1 grant funding of £168,100 from NHSCT and there are a further 2 stages to be received:

Stage 2 – £198,347 - the application has been submitted and is being reviewed by NHSCT with a decision on the success being made in the autumn.

Stage 3 – £286,000 application is being drawn up by the Executive Director of Therapies and Health Science & the Executive Director of People prior to the submission deadline of 31st December 2021.

Once the Stage 2 & 3 grants have been received, total funding from NHSCT in relation to Covid-19 will total £652,447.

2.3 Use of Covid-19 Charitable Funds

From the table in 2.1, it is evident that the amount of expenditure utilised or earmarked from the Covid-19 funding is relatively low. However, now the fund holders have been established for the various tranches of funding a more planned and coordinated approach is being taken to ensure the funds are utilised in the most appropriate manner. In addition to the expenditure to date there are a number of plans in place to utilise the funds including:

- Memorial gardens – designs and costings currently being drawn up.
- ITU psychologists – this will utilise a lot of the Stage 3 NHSCT funding.
- Employee Assistance Programme – providing 24/7 mental health support for staff – will be funded from Stage 1 NHSCT funding.

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

3.1 Approval of expenditure over £50,000

The Scheme of Delegation requires approval of expenditure from Charitable Funds of over £50,000. Due to the previous nature and value of Charitable Funds it has been rare for expenditure to exceed £50,000. As the funding received from NHSCT is significant and they require applications that provide for a planned approach to using the funding it is likely that the types of expenditure from this funding will sometimes exceed £50,000.

The Charitable Funds Committee are asked to approve the following expenditure from the funds:

- i. Vivup Employee Assistance Programme (EAP) – CTMUHB are currently providing a free Employee Assistance Programme to provide 24/7 mental health support service provided by an organisation called Vivup. The contract is due to end, and they have offered a fixed price to extend for a further 3 years. In order for the service to continue, it has been extended for a further year in line with Scheme of Delegation limits.

Charitable Funds Committee to approve the extension for a further 2 years to secure the offer price. The 3-year extension will cost £68,250 plus VAT, although as outlined above 1 year of this has already been agreed in line with Scheme of



Delegation limits. This will be funded out of the Stage 1 NHSCT grant funding and has been authorised by the Assistant Director of Employee Experience and Wellbeing.

- ii. 2 fixed-term ITU psychology posts (2 years) – At Gold Command earlier in the year, two fixed term 2-year ITU psychology posts were agreed to support the Covid-19 recovery. The estimated cost is £95,000 per annum, therefore £190,000 over the two years. The Stage 3 NHSCT grant requires expenditure which supports long-term health and recovery of NHS staff, patients and volunteers impacted by Covid 19, therefore this expenditure is in line with the purpose of the grant.

4. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below) No change or withdrawal of policy or services.
	Not required
Legal implications / impact	There are no specific legal implications related to the activity outlined in this report.
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below) The report requests authorisation of expenditure over £50,000. This includes expenditure on workforce for a fixed period.



Link to Strategic Well-being Objectives

Ensure sustainability in all that we do, economically, environmentally and socially

5. RECOMMENDATION

5.1 The Charitable Funds Committee is recommended to:

- **NOTE** the Covid funding received to date and the allocations received by NHS Charities Together
- **NOTE** the new fund holders set up for each “tranche” of funding and the need to set a planned and coordinated use of the funds to get best value for money.
- **APPROVE** the expenditure from the funds over £50,000 as outlined in the paper.

2021 Audit Plan – Cwm Taf Morgannwg NHS General Charitable Fund

Audit year: 2020-21

Date issued: July 2021

Document reference: 2533A2021-22

This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

Audit Wales is the non-statutory collective name for the Auditor General for Wales and the Wales Audit Office, which are separate legal entities each with their own legal functions as described above. Audit Wales is not a legal entity and itself does not have any functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Contents

2021 Audit Plan	
About this document	4
Impact of COVID-19	4
Audit of financial statements	4
Fee, audit team and timetable	6
Appendices	
Appendix 1 – my estimated audit fee	9
Appendix 2 – other future developments	12

2021 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2021 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

Impact of COVID-19

- 2 The COVID-19 pandemic continues to have an unprecedented impact on the United Kingdom and the work of public sector organisations. Audit Wales staff will continue to work pragmatically to deliver the audit work set out in this plan. In response to government advice and subsequent restrictions, I will continue to work remotely until such time that it is safe to resume on-site activities. I remain committed to ensuring that the work of Audit Wales staff will not impede the vital activities that public bodies need to do to respond to ongoing challenges presented by the COVID-19 pandemic.
- 3 This audit plan sets out an initial timetable for the completion of my audit work. However, given the ongoing uncertainties around the impact of COVID-19 on the sector, some timings may need to be revisited.

Audit of financial statements

- 4 I am required to issue a report on Cwm Taf Morgannwg NHS Charitable Fund's (the Charitable Fund's) financial statements which includes an opinion on their truth and fairness, providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements;
 - comply with all relevant requirements for accounting presentation and disclosure; and
 - the consistency of information in the Trustee's Annual Report with the financial statements.
- 5 I will also report by exception on a number of matters which are set out in more detail in my Statement of Responsibilities, along with further information about my work.
- 6 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those misstatements that might result in a reader of the accounts being misled.
- 7 Prior to the completion of my audit, I will report to trustee members (deemed to be 'those charged with governance') the financial levels at which I judge

misstatements to be material. I judge any misstatements below a trivial level (set at 5% of materiality) as not requiring consideration by those charged with governance, and therefore I will not report them.

8 There have been no limitations imposed on me in planning the scope of this audit.

Audit of financial statement risks

9 Most of my audit planning is scheduled for the autumn. The following table therefore sets out the significant risks that I have currently identified.

Exhibit 1: audit of financial statement risks

Financial audit risks	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	<p>I will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
The COVID-19 national emergency continues and the pressures on staff resources and of remote working may impact on the preparation and audit of accounts. There is a risk that the quality of the accounts and supporting working papers may be compromised leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.	I will discuss the closedown process and quality monitoring arrangements with the accounts-preparation team and thereafter I will liaise with the team regarding its progress.

Financial audit risks	Proposed audit response
Other areas of audit attention	
There is a risk that related party disclosures may be incomplete.	<p>I will:</p> <ul style="list-style-type: none"> • make enquiries of management to understand the process in place for identifying related party transactions; and • review completed related party declaration forms for evidence of any potential related parties.

Fee, audit team and timetable

- 10 My audit fee and the planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided to the agreed timescales, to the quality expected and have been subject to a sound quality-assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - appropriate facilities and access to documents are provided to enable my team to deliver my audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Accounting Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete, and management has responded to issues that may have affected the financial statements.

Fee

- 11 My fee estimate for the audit of the Charitable Fund's 2020-21 annual report and financial statements is £25,000.
- 12 My Engagement Director wrote to the Health Board on 8 March 2021, explaining that from 2021 we would be separately reporting and charging the audit fee relating

¹ The agreed audit deliverables documents set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

to the Charitable Fund. The fee had previously been included within the Health Board's main audit fee. The Engagement Director's letter is in **Appendix 1**.

- 13 Planning will be ongoing, and changes to our programme of audit work, and therefore the fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Finance.
- 14 Further information on my fee scales and fee setting can be found on our website.

Audit team

- 15 The main members of the audit team, together with their contact details, are summarised in **Exhibit 2**.

Exhibit 2: my local audit team

Name	Role	Contact number	E-mail address
Anthony Veale	Engagement Lead	02920 320585	anthony.veale@audit.wales
Mark Jones	Audit Manager	02920 320631	mark.jones@audit.wales
Steve Stark	Audit Lead	02920 320500	steve.stark@audit.wales

- 16 I can confirm that team members are all independent of you and your officers.

Timetable

- 17 The key milestones for the work set out in this plan are shown in **Exhibit 5**. As highlighted earlier, there may be a need to revise the timetable in light of any adverse developments with COVID-19.

Exhibit 3: Audit timetable

Planned output	Work undertaken	Report finalised
2021 Audit Plan	July 2021	July 2021
Audit of Financial Statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements• Financial Accounts Memorandum	To be confirmed	January 2022
2022 Audit Plan	July 2022	July 2022

Appendix 1

My estimated audit fee

24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ
Tel / Ffôn: 029 2032 0500
Fax / Ffacs: 029 2032 0600
Textphone / Ffôn testun: 029 2032 0660
info@audit.wales / post@archwilio.cymru
www.audit.wales / www.archwilio.cymru

Steve Webster
Director of Finance
Cwm Taf Morgannwg University Health Board
Ynysmeurig House, Navigation Park
Abercynon
Rhondda Cynon Taff
CF45 4SN

Reference: PA310/ DT/hcj

Date issued: 8 March 2021

Dear Steve

Audit fee outturn for the past year and the fee estimate for the year ahead

At February's meeting of the Audit and Assurance Committee, I explained that our 2021-22 Fee Scheme was due to be considered by the Senedd's Finance Committee, later that month. The Finance Committee duly considered and approved the Fee Scheme, which you can now access on our [website](#). You will note that the approved fee rates are unchanged from last year.

As intended, I can now provide you with an update on our outturn for the past year and our fee estimate for 2021. The figures are exhibited on page 2. In summary, our 2021 fee estimate is £41,000 (10.2%) higher than last year's fee estimate; and £7,000 (1.5%) lower than last year's actual fee.

As confirmed with you recently, and exhibited below, for 2020 the actual fee is £48,000 higher than the 2020 fee estimate. This additional cost mainly arose due to the requirement for a 'full' audit of the Charitable Fund². The other reason is the additional cost of our extended testing of the Health Board's current liabilities. This ongoing testing has also resulted in an increase to our 2021 financial-audit fee estimate.

You will note from the exhibit that going forward we will be providing separate fee estimates for our financial audit work on the Health Board's accounts³ and its Charitable Fund. Mark Jones discussed this change with Mark Thomas last month. I will of course be communicating the Charitable Fund fee to the trustee independent members (those charged with governance) in due course.

The overall performance audit fee for 2021 remains the same as the previous year and all fees shown are exclusive of VAT, which is not charged to you. Our planning is ongoing and changes to our programme of audit work, and therefore the fee, may be required if any new risks emerge. I shall make no changes to this year's fee estimate without first discussing them with you.

Exhibit 4: audit fee

Audit area	Fee estimate for 2021 (£)	Fee estimate for 2020 (£)	Actual fee for 2020 (£)
Financial audit work			
• Health Board	251,000	235,000 ⁴	283,000
• Charitable Fund	25,000	0	0
Financial audit total	276,000	235,000	283,000
Performance audit work:			
• Structured Assessment	63,807	60,567	60,567
• All-Wales thematic reviews	73,894	73,894	73,894
• Local projects	29,158	32,398	32,398
Performance audit total	166,859	166,859	166,859
Total fee	442,859	401,859	449,859

² The transfer of Bridgend County Borough on 1 April 2019 increased the Charitable Fund's financial value above the Charity Commission's threshold for a 'full' substantive audit.

³ The audit of the Performance Report, Accountability Report and Financial Statements.

⁴ The 2020 audit fee includes the cost of the audit of the Charitable Fund. Within this fee the Health Board had billed the Charitable fund £2,340.

I intend to present this letter to the Audit and Assurance Committee on 13 April. In the meantime, please do not hesitate to contact me if you wish to discuss any of the above.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Dave Thomas'.

Dave Thomas
Engagement Director

Appendix 2

Other future developments

Future changes to UK GAAP: applicable to charitable funds accounts

Following the introduction of the new UK GAAP accounting regime in 2015-16, and the replacement of the Financial Reporting Standard for Smaller Entities (FRSSE) by Section 1A of FRS 102 in 2016-17, there were only limited changes to FRS 102 in 2019-20.

More significant amendments are expected from 2022-23, reflecting recent changes in International Financial Reporting Standards, including accounting for financial instruments and leases.



Audit Wales
24 Cathedral Road
Cardiff CF11 9LJ

Tel: 029 2032 0500
Fax: 029 2032 0600
Textphone: 029 2032 0660

E-mail: info@audit.wales

Website: www.audit.wales

We welcome correspondence and
telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.



AGENDA ITEM

2.8

CHARITABLE FUNDS COMMITTEE

STAFF LOTTERY BRIEFING PAPER

Date of meeting	11/08/2021
FOI Status	Open/Public

If closed please indicate reason	Not Applicable - Public Report
Prepared by	ANNA DAVIES – WORKFORCE E-SYSTEMS LEAD
Presented by	Hywel Daniel, Executive Director for People
Approving Executive Sponsor	Executive Director for People
Report purpose	FOR NOTING

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals	Date	Outcome
-		Choose an item.

ACRONYMS

CTM	Cwm Taf Morgannwg
RCT	Rhondda Cynon Taf Borough Council
C&V UHB	Cardiff & Vale University Health Board
DPIA	Data Protection Information Assessment
BCUHB	Betsi Cadwaladr University Health Board
LPF	Local Partnership Forum
GASD	Gift Aid Small Donations Scheme
WTE	Whole time equivalent
ToR	Terms of Reference
SOP	Standard Operating Procedure

1. SITUATION/BACKGROUND

This report sets out the proposed implementation of a staff lottery following the approval by the Executive Team. The final implementation is still subject to further detailed review, especially in relation to any potential employment tax implications, which need to be resolved prior to the start-up.

The Executive Team have approved the implementation of a CTM Staff Lottery and under the Scheme of Delegation the use of the Charitable Funds will be utilised to purchase and develop the Software Solution to manage the Staff Lottery and to fund the initial recruitment of the staff to administer the running of the staff lottery prior to income being achieved.

The initial set up costs will be paid for via Charitable funds, however the ongoing costs would then be funded from the revenue generated from the lottery.

This paper sets out the funding requirements of implementing a staff lottery scheme within CTM UHB.

The key objectives for the Staff lottery will be to:

- a. Generate income to fund projects that benefit staff and patients
- b. Invest in community-based projects within the Health Board's Charity.
- c. Create a 'Charity Brand' within CTM UHB

It is envisaged that the Staff lottery staff team will grow into a bigger charity team that will replicate the Charity/fundraising function that is in place in many of our neighboring health boards.

The key stakeholders identified would be:

- Payroll Department;
- Audit Department;
- Finance Department;
- Procurement Department;
- Capital Planning Department;
- ICT Department;
- Communications Department;
- Governance Department;



- Charitable Funds Committee; and
- Local Trade Union Representatives.

1.1 Scope

The scope of the CTM Staff Lottery as a whole would be covered by the following;

- Charitable – to create a new 'lottery fund' that will fund Health Board projects, outside the scope of what the NHS should deliver as part of its normal service and also fund applications to support the staff health and wellbeing projects.
- Charitable – to create a wider charitable function within CTM UHB, developing a charity brand and generating income whilst also helping areas access funding in a much more proactive way
- Any purposes within the Health Board or community not described above, but which neither have purposes of private gain nor purpose of any commercial undertaking.
- The lottery will be limited to staff employed by CTM.

2. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

2.1 Legal:

The Lottery would be run under the terms of the Gambling Act 2005 and the income will sit under Charitable Funds and be held on trust under paragraph 16c of Schedule 2 of the NHS and Community Care Act 1990.

The Lottery would be subject to both Internal Audit and Audit Wales review. Each Lottery Draw is required to be reported to the Local Authority under the terms of the License Agreement. This must be done within three months of each draw.

Legal advice will be sought from CTM's in-house legal team prior to any implementation to ensure all legalities are covered.

2.2 Governance

A Data Protection Information Assessment (DPIA) will be required, although the lottery will only use data already held by payroll on ESR. However, the project as a whole i.e. promotions and publicising of winnings requires an assessment.

In addition, data protection requirements would be built into any contract with Lottery organisation.

A new Charitable fund will be created for the lottery along with a panel with ToR that will include representation from the HB to decide and approve how the lottery fund is spent.

A ToR and SOP will be created for the access of funding with a clear process drawn up.

2.3 Licensing:

Lotteries can only be run for good causes. Society lotteries are promoted for the benefit of a non-commercial society.

A society is non-commercial if it is established and conducted:

- For charitable purposes;
- For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity;
- For any other non-commercial purpose other than that of private gain.

A society can register as either a large or small lottery, dependant on the aggregate proceeds.

A large society lottery has proceeds that exceed £20,000 for a single draw, has cumulative proceeds from lotteries in excess of £250,000 in any one year. This type of lottery requires a licence from the Gambling Commission.

A small society lottery does not have proceeds that exceed £20,000 for a single draw. The aggregate proceeds from lotteries do not exceed £250,000 in any one year. This type of lottery does not require a Gambling Commission licence. This type of lottery must however, be registered with the local authority.

Following advice from the Rhondda Cynon Taf Borough Council (RCTBC), CTM has already applied and successful in being granted a small society lottery licence.

Cardiff and Vale University Health Board (CVUHB) have been running a very successful staff lottery since 2005 and are registered as a small society lottery. Comparing the staff numbers of CVUHB to CTM the aggregated revenue should never exceed that of CVUHB.

2.4 Software Option:

Workforce colleagues have reviewed software solutions and pricing models. Discussions with CVUHB has provided CTM with a viable option.

Option – Harlequin (CVUHB)

What is it?

Harlequin is a software suite of applications designed to manage charity initiatives in the public, private, and third Sector. Harlequin software is currently used by CVUHB, Betsi Cadwaladr University Health Board and has recently been purchased by Hywel Dda University Health Board to roll out their lottery initiative.

What does it do?

The software is a fundraising tool that can be used to co-ordinate:

- Volunteers and initiatives;
- Record donations and funds;
- Manage lottery grants and lotteries.

The software package appeals to Health Boards and organisations because it allows fundraising teams to manage several ongoing initiatives, within one package.

The Lottery Management Tool is a single module incorporated into the software. Initially this would be the only part of the package used, until a fundraising team was developed to enable full utilisation of the software and the tracking of the initiatives.

Costings:

The Harlequin software costings (all prices exclude VAT):

Core system:	
<ul style="list-style-type: none"> • 3 User Licence • Contact Management • Communication Logging • Donor Profiling • Banking & Thanking for income • Gift Aid Processing (including GASDS) • Campaign/Appeal Management (including expenditure) • Standard Reporting Library • Queries Module 	£6000.00



<ul style="list-style-type: none"> • Standard feed to chosen accounting package • Standard uploads from online giving platforms • Single Template 	
Additional Concurrent User Licences:	
<ul style="list-style-type: none"> • Each additional single user licence • Block of 4 	<p>£550.00</p> <p>£2000.00</p>
Optional modules available:	
<ul style="list-style-type: none"> • <i>Event Management</i> 	£1750.00
<ul style="list-style-type: none"> • Lottery Module 	£1750.00
<ul style="list-style-type: none"> • <i>Merchandise</i> 	£1500.00
<ul style="list-style-type: none"> • <i>Volunteer Management</i> 	£1750.00
<ul style="list-style-type: none"> • <i>Bookings</i> 	£1750.00
<ul style="list-style-type: none"> • <i>Design - Module</i> 	£1750.00
Training Packages based on 6 people attending:	
<ul style="list-style-type: none"> • <i>3 days (on-site) standard training package for core system. £2100.00</i> 	£2100.00
<ul style="list-style-type: none"> • <i>1 day (on site) training for Event Management £700.00</i> 	£700.00
<ul style="list-style-type: none"> • 1 day (on site) training for lottery module 	£700.00
<ul style="list-style-type: none"> • <i>1 day (on-site) training for Volunteers Management £700.00</i> 	£700.00
<ul style="list-style-type: none"> • <i>½ day (on-site) training for Merchandise £350.00</i> 	£350.00
<ul style="list-style-type: none"> • <i>½ day (on-site) training for Bookings £350.00</i> 	£350.00

Summary:

• Initial purchase price	£6000 + VAT
• Initial Lottery Module	£1750 + VAT
• Initial System Training	£700 + VAT
• Total initial system cost	£8,450 + VAT

Under the Scheme of Delegation for Charitable Funds this expenditure can be approved by the relevant Group/Executive Director.

Following the initial system set up cost there is a recurrent annual maintenance cost of £1550 + VAT (Free for the first 12 months). This will be funded through the revenue that is achieved by the lottery.

2.5 Staff Resource

An internal lottery administration team would be required to administer the running of the staff lottery and fundraising initiatives. The team will form part of the eSystems department within the Workforce & Organisational Development (W&OD) Directorate and would be

responsible for undertaking all aspects of administrative, financial and clerical tasks, in support of fundraising and lottery activities. Based on the team at CVUHB the following would be required:

1 x Band 5 - Health Charity Fundraising Manager - £33,514 per annum including on-costs

1 x Band 3 – Health Charity Fundraising Support Officer - £26,014 per annum including on-costs

Total annual cost of £59,528 (including on-costs). This equates to £4,961 per month. Prior to the fund becoming operational, the monthly cost will be paid for by Charitable Funds for the first 8 months, following which there is expected to be sufficient revenue achieved to fund the ongoing monthly cost of the staff costs.

Therefore the total initial funding required from Charitable Funds to set up the lottery fund is:

Initial system set up and training - £10,140 (£8,450 plus VAT)

8 months staff lottery team costs - £39,685,

Total set-up cost - £49,825

As previously highlighted this is within the Scheme of Delegation limits to be approved by the relevant Group/Executive Director.

2.6 Turnover

The staff lottery within CVUHB currently turns over around £250,000 per year, with the profit being used for both staff and patient-centred projects. Staff can purchase up to 6 numbers per week:

Where members are paid monthly, deduction amounts will be calculated as:

- £4.33 will equal 1 number (per week)
- £8.66 will equal 2 numbers (per week)
- £13.00 will equal 3 numbers (per week)
- £17.33 will equal 4 numbers (per week)
- £21.67 will equal 5 numbers (per week)
- £26.00 will equal 6 numbers (per week)

CVUHB now have over 300 endowment funds that are managed by health care specialists who use the funds to develop research, treatment and patient care. In addition their charity has recently awarded grants of over £1.5 million to support projects across the UHB. Staff rooms, patient

waiting rooms, training bursaries and extensive medical equipment are just some of many of the projects funded.

2.7 Benefits and Risks

Lotteries stand out from other fundraising methods because they are a form of incentivised giving. Health Board staff can be rewarded for donating and we are confident a lottery will prove popular among our staff. This is likely to be very well received following the difficulties experienced by all staff groups due to impact of COVID-19.

Benefits:

- Contributes to improved staff morale;
- Supports staff projects;
- Supports improvement to the estate for the staff;
- A way in which the HB can be seen to 'give back' to the staff and their ideas;
- Committing to improving their workspace and environment;
- Cost neutral investment in staff well-being;
- Cost neutral investment in community projects;
- Cost neutral investment in developing projects for the improvement of estate for the benefit of staff and the community; and
- Develop health and wellbeing projects for the community meeting the Health Board's duty under the Wellbeing of Future Generations (Wales) Act 2015.

Risks:

- The scheme may Impact staff with a gambling addiction
Solution: tickets are limited to 6 numbers per week and Gamble Aware contact information is included on sign up of the scheme.
- Implementation of an administration project function will be required to manage the scheme on a day to day basis.
Solution: Although initial investment is required to fund the administrative resource, this will become self-generated via the turnover once the project is operational.



3. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Staff and Resources
	If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below)
	If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below.
	If no, please provide reasons why an EIA was not considered to be required in the box below.
Legal implications / impact	Not required
	Yes (Include further detail below)
	As detailed in the report need to adhere to the Gambling Act (2005) and Charitable funds are required to be managed in accordance with charity legislation and requirements of the Charity Commissioner.
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below)
	The introduction of the staff lottery requires agreement of initial funding from the charitable funds account. Until such time as the scheme becomes self-generating.
Link to Strategic Well-being Objectives	Co-create with staff and partners a learning and growing culture

4. RECOMMENDATIONS

The Charitable Funds Committee is asked to **NOTE** the executive approval of a CTM Staff Lottery, subject to further detailed review.

NOTE the initial set up costs being funded by the Charitable Fund.

NOTE the ongoing staff costs and system maintenance cost would be funded from the revenue generated from the lottery.

NOTE the intention to create a lottery fund panel that will be made from representation from the HB to decide/approve how the fund is spent.