

NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS' MEETING

Meeting Date: 23 March 2016

Title and Author of Paper:

Charitable Funds Committee's Terms of Reference
Lisa Quinn Executive Director of Performance & Assurance

Paper for Debate, Decision or Information: Approval

Key Points to Note:

At its meeting in September 2016, the Board approved that a corporate trusteeship is established from 1 April 2016 to administer NTW's charitable funds and that a Charitable Funds Committee will be established on approval of its reviewed terms of reference.

Terms of Reference have been reviewed and are attached at **appendix 1**.

When the corporate trustee is established on 1 April 2016, the entry in Standing Financial Instructions will need amending. The proposed entry has been reviewed by the Committee and is shown in **appendix 2**.

Outcome required:

1. Approve the Terms of Reference for the Charitable Funds Committee
2. Approve changes to Standing Financial Instructions relating to charitable funds

CHARITY COMMITTEE

Terms of Reference

CONSTITUTION

1. Northumberland, Tyne and Wear NHS Foundation Trust ('NTW') is the trustee for a charity established under a Declaration of Trust dated December 17, 2015 (the 'Charity'). NTW is the sole corporate trustee of the Charity
2. The Board of Directors of NTW (the 'Board of Directors') has approved the establishment of the Charitable Fund Committee (the 'Committee') for the purpose of:
 - Overseeing the governance and management affairs of the Charity on behalf of NTW; and
 - Ensuring that the Charity operates within the terms of its Declaration of Trust and appropriate registration with the Charity Commission.
3. The Committee is accountable to the Board of Directors. Any changes to these terms of reference must be approved by the Board of Directors.

DUTIES

1. The Committee will:
 - Manage the affairs of the Charity within the terms of its Declaration of Trust, governance arrangements and appropriate legislation;
 - Manage the investment of funds in accordance with the Trustee Act 2000 and, if necessary, appoint fund managers to act on its behalf;
 - Oversee the implementation, update and maintenance of procedures and policies required to ensure the efficient and effective operation of the Charity and in accordance with Charity Commission guidance;
 - Develop the overall strategy and plans for charitable funds including setting spending targets, fundraising and investment plans;
 - Ensure funding decisions and spending plans are within the agreed objects of the Charity;
 - Receive regular reports on the performance of any charitable fundraising activities;
 - Review and approve the annual accounts and report of the Charity, ensuring that all relevant information is disclosed;

- Review and approve any returns and information required to be submitted by legislation to the regulator (Monitor), the Department of Health or the Charity Commission;
- Advise the Board of Directors on the appointment of new members to the Committee and make arrangements to induct those new members;
- Ensure that the structure of the Charity remains appropriate and effective. Where appropriate, the Committee will make recommendations to the Board of Directors to amend the structure of the Charity.

MEMBERSHIP AND ATTENDANCE

1. The Committee will include the following members (the 'Members'):
 - Two non-executive directors of NTW, one of whom will be the Chair of the Committee and the other will be the Deputy Chair of the Committee;
 - The Director of Finance, Director of Nursing and Operations and Director of Commissioning and Quality Assurance;
 - The Lead Governor of NTW.

Membership of the Committee will be reviewed by the Board of Directors at least each year.

2. Only the Members have voting rights.
3. If the Chair is not present, then the Deputy Chair shall chair the meeting.
4. In addition to the Members, the following will be in attendance:
 - PA to Director of Finance, as Secretary to the Committee;
 - The Head of Charity's Transactional Services, as the nominated Trust officer responsible for accounting for charitable transactions.
 - The Transactional Services Manager, as the nominated Trust officer responsible for the administration of requests for funds.
5. Invitations may be extended to other personnel with relevant skills, experience or expertise as necessary to deal with the business on the agenda ('Co-opted Personnel'). Co-opted Personnel will be in attendance and will have no voting rights. Invitations to Co-opted Personnel may be proposed by any Member and will be extended by the Chair of the Committee if a majority of Members agree.

RESPONSIBILITY OF MEMBERS AND ATTENDEES

1. Members and attendees of the Committee have a responsibility to:
 - Make every effort to attend each meeting, having read all papers beforehand;
 - Act as 'champions', disseminating information and good practice as appropriate;
 - Identify agenda items for consideration by the Chair and Secretary at least 12 days before the meeting. The agenda for each meeting of the Committee shall be approved by the Chairman.
 - Prepare and submit papers for a meeting to the Secretary of the Committee at least 8 days before the meeting;
 - If unable to attend, send their apologies to the Chair and Secretary prior to the meeting;
 - When matters are discussed in confidence at the meeting, to maintain such confidences;
 - Declare any actual or potential conflicts of interest in accordance with NTW's and the Charity's policies and procedures;
 - At the start of any meeting, declare any actual or potential conflicts of interest in respect of specific agenda items in accordance with NTW's and the Charity's policies and procedures. This must be done regardless of whether the actual or potential conflict of interest has already been declared in accordance with NTW's and the Charity's policies and procedures.

QUORUM

1. A quorum will be three Members. At least one of the Members must be a non-executive director and one must be an executive director.
2. When considering if the meeting is quorate, only those individuals who are members can be counted. Attendees and Co-opted Personnel cannot be considered as contributing to the quorum.

FREQUENCY

1. Meetings will normally take place at least four times per year. In addition, there will be one meeting per annum for planning and review.
2. Meetings of the Committee outside the cycle of quarterly meetings will be called by the Secretary at the request of any of the Members or at the request of the regulator, the Department of Health or the Charity Commission if they consider it necessary.
3. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Member and any other person invited to attend no later than 12 working days before the date of the meeting. Supporting papers shall be sent to Members and to other attendees as appropriate at least 8 days ahead of the meeting.
4. If all the Members agree, meetings may be held by telephone conference call or video conference.

AUTHORITY

1. The Committee is authorised by the Board of Directors:
 - To apply the charitable funds in accordance with their respective governing documents and within the budget, priorities and spending criteria determined by the Trust as corporate trustee;
 - To apply a Duty of Care and to ensure compliance with:
 - The Trustee Act 2000;
 - The Charities Act 2011;
 - Terms of the Fund's governing documents;
 - The Charities (Accounts and Reports) Regulations 2008;
 - The Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP) 2005;
 - To agree objectives, strategies, policies and priorities for the Charity and to review these on an annual basis;
 - To obtain outside legal advice or other independent professional advice and to secure the attendance of outsiders with relevant experience if the Committee consider this necessary;
 - To receive regular financial reports on the performance of the Charity against its annual plan and to update the plan when necessary;
 - To approve all individual charitable fund expenditure;

- To approve and monitor the progress of any appeals and to ensure that all fundraising is consistent with the Institute of Fundraising code of practice;
- To approve a Fundraising Strategy for the Charity;
- To establish and approve the terms of reference of such sub-committees, groups or task and finish groups (collectively 'Sub-Groups') as it believes are necessary to fulfil its terms of reference.

DELEGATED POWERS AND DUTIES OF THE DIRECTOR OF FINANCE

1. The Director of Finance has prime responsibility for developing and maintaining appropriate systems, procedures and controls for the Trust's Charitable Funds on behalf of the Committee.

AUDIT AND ASSURANCE

1. Assurance that the Charity is properly governed and well managed will be provided through internal audit review of Charitable Funds as part of the internal audit programme agreed by the NTW Audit Committee.
2. The annual report and accounts of the Charity will be audited by the external auditors of NTW.

DECISION MAKING: DISTRIBUTION OF CHARITABLE FUNDS

1. A scheme of delegation exists for disbursement of specific funds below £1,000. At each meeting, the Committee will monitor such disbursements of specific funds made since the last meeting to ensure that they represent an appropriate use of charitable funds.
2. Individual requests for all disbursement of monies from general funds and disbursements of more than £1,000 from specific funds will be sent to Members by email. Voting will be by email, copied to all Members. Such requests will be approved if a simple majority of Members vote in favour as long as at least one executive director and one non-executive director vote in favour.
3. The Head of the Charity's Transactional Services may bring to the immediate attention of the Committee by email any proposed disbursements from specific charitable funds where there is any uncertainty that the proposed disbursement is an appropriate use of those specific charitable funds. In such instances, the Committee should vote on the disbursement in accordance with paragraph 2, above.

4. In respect of other business of the Committee, wherever possible, Members will seek to make decisions and recommendations based on consensus. However, where this is not possible, then the chair of the meeting will ask for members to vote provided that nothing in the way that business is conducted is prohibited by the standing orders of NTW. In such circumstances, a simple majority on members present will prevail. In the event of a tied vote, the chair of the meeting will have a second and deciding vote.

REPORTING

1. The Committee will have the following reporting responsibilities:
 - To ensure that the minutes of its meetings are formally recorded;
 - Those assurance and performance management reports listed in the Committee's annual work programme;
 - Any items of specific concern, or which require the Board of Directors approval, will be subject to a separate report;
 - To produce an annual report for the Board of Directors setting out progress made, future developments and any charitable fund expenditure in excess of £5,000. The report should also include a completed annual self-assessment and the identification of any development needs for the Committee.

REPORTING GROUPS

1. Any Sub-Groups established will be required to submit the following information to the Committee:
 - Their terms or reference for formal approval and review;
 - Minutes of their meetings, together with a summary prepared by the chair of that group outlining the key issues discussed at the meeting and those issues that need to be brought to the attention of this Committee;
 - Those assurance and performance management reports listed in the individual group's annual work programmes which have been agreed with, and are required by, the Committee;
 - An annual report setting out the progress they have made and future development; and
 - Any other report or briefing requested by the Committee.

REVIEW

1. The Terms of Reference of the Committee will normally be reviewed annually, with recommendations on changes submitted to the Board of Directors for approval.

Last reviewed by the Committee: February 2016

This version approved by the Board of Directors: March 2016

Proposed change to NTW's SFIs entry from 1 April 2016.

29 FUNDS HELD ON TRUST

- 29.1 All funds received in trust shall be held in the name of the Trust as corporate trustee.
- 29.2 In line with its role as a corporate trustee for any funds held in trust, the Trust Board will establish a Charitable Funds Committee to administer those funds in accordance with any statutory or other legal requirements or best practice required by the Charities Commission.
- 29.3 The over-riding principle is that the integrity of each fund must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from exchequer activities and funds.
- 29.4 The discharge of the Trust's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety.
- 29.5 The Director of Finance shall ensure that each trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.
- 29.6 The Terms of Reference for the Charitable Funds Committee shall be considered as forming part of these Standing Financial Instructions
- 29.7 As management processes overlap, some of the sections of these Standing Financial Instructions will apply to transactions relating to funds held on trust.