

## CHARITABLE FUNDS COMMITTEE MEETING

**12<sup>th</sup> November 2024**

**Board Room Carlton Court/TEAMS**

### Present

Mr Dyfed Jones Independent Member (Chair)  
Mrs Karen Balmer Independent Member  
Mr Christopher Field Independent Member

### In Attendance

Mr Russell Caldicott Interim Executive Director of Finance  
Ms Paula Clayton Assistant Accountant  
Mr Rob Gore Audit Wales Representative  
Ms Andrea Hughes Director of Finance  
Mr Paul Matthias Brewin Dolphin Investment Manager  
Mrs Natalie Morrice-Evans EA – Executive Director of Finance - Secretariat  
Miss Teresa Owen Executive Director of Allied Health Professionals and Health Science  
Mrs Michelle Pheonix Audit Wales  
Mrs Philippa Peake-Jones Head of Corporate Affairs  
Miss Amy Stenson-Jones Communications Officer  
Mr Chris Stockport Executive Director Strategy and Commissioning  
Ms Kirsty Thomson Head of Fundraising  
Mr Neil Williams Acting Charity Accountant

<b>CF24/61</b>	<p><b>Welcome and Apologies</b> Apologies were received from: Dr Nick Lyons and Pam Wenger</p>	
<b>CF24/62</b>	<p><b>Declarations of Interest</b> The Chair declared an interest as trustee of the Anglesey Charitable trust in his role as a Councillor on Anglesey CC.</p> <p>The Head of Fundraising declared an interest as Deputy Chair, NHS Charities Together and involvement in the Love Hope Strength Charitable Foundation as a volunteer and advisor. She advised that her family business, Poblado Coffi, has donated gifts to the Awyr Las charity. Director, Macsen and Partners Ltd</p> <p>Independent Member Karen Balmer declared an interest as CEO of the Groundwork North Wales Group of Charities which includes: Groundwork North Wales Wild Ground Refurbs Flintshire</p> <p>The Interim Executive Director of Finance declared interests as follows: Fellow of the Association of Chartered Certified Accountants (ACCA)</p>	

	Member of the Healthcare Financial Management Association (HFMA) Liaison Strategic Advisor Director of P4eH Limited	
CF24/63	<b>Unconfirmed minutes of previous meeting</b>  <b>Accuracy</b> The minutes of the previous meeting were approved	
CF24/64	<b>Matters arising and Table of Actions</b>  The table of actions were updated and completed actions closed.	
CF24/65	<p><b>Investment Report</b> <i>Paul Matthias – Investment Manager Brewin Dolphin</i></p> <p>The Investment Manager – Brewin Dolphin presented the investment report, providing a comprehensive overview of the investment portfolio's performance and outlook.</p> <p><b>Summary:</b></p> <ul style="list-style-type: none"> <li>• <b>Portfolio Performance:</b> The portfolio has shown strong performance over the past year, with a return of 14.3% over the past 12 months, which has increased to 17% when moving the rolling year forward to the present date.</li> <li>• <b>Market Resilience:</b> The global economy has been more resilient than anticipated, with significant contributions from the perceived revolution in artificial intelligence.</li> <li>• <b>Investment Strategy:</b> The portfolio follows a conventional long-term balanced approach, aiming to produce income for current beneficiaries and grow capital ahead of inflation for future beneficiaries.</li> </ul> <p><b>Market Overview:</b></p> <ul style="list-style-type: none"> <li>• <b>Global Economy:</b> The global economy has shown resilience, with markets performing strongly despite the cost of living crisis.</li> <li>• <b>Artificial Intelligence:</b> There is a perceived revolution in artificial intelligence, contributing to market optimism.</li> <li>• <b>Caution:</b> Despite the positive outlook, there are reasons to retain caution in the investment strategy.</li> </ul> <p><b>Portfolio Details:</b></p> <ul style="list-style-type: none"> <li>• <b>Valuation:</b> As of 30th September, the portfolio was valued at £11.35 million, which increased to £11.6 million by the end of October.</li> <li>• <b>Yield:</b> The portfolio is expected to produce an income of approximately £222,000 per annum, yielding about 2%.</li> <li>• <b>ESG Risk Scoring:</b> The portfolio's ESG (Environmental, Social, and Governance) risk score is stable, considered medium risk.</li> </ul> <p><b>Investment Criteria:</b></p> <ul style="list-style-type: none"> <li>• <b>Risk Category:</b> The existing risk category is maintained, providing an appropriate balance of risk and return.</li> <li>• <b>Asset Allocation:</b> The portfolio is composed of approximately 70% equities and 30% diversifying assets such as bonds, cash, and property.</li> </ul>	

	<ul style="list-style-type: none"> <li>• <b>Reserves Policy:</b> The portfolio greatly exceeds the target level of reserves, based on a three-year rolling average of one-year operational costs and 25% of the investment portfolio.</li> </ul> <p><b>Market Outlook:</b></p> <ul style="list-style-type: none"> <li>• <b>Inflation and Interest Rates:</b> The market has been concerned about inflation and the need for interest rate hikes to bring inflation back to target. Despite technical recessions in the UK, Eurozone, and Japan, the US has managed to avoid recession.</li> <li>• <b>US Election Impact:</b> The recent US election, resulting in Trump's presidency, has had a positive impact on the investment portfolio. However, there are concerns about potential inflationary actions and trade policies that could affect global growth.</li> <li>• <b>US Dollar Exposure:</b> The portfolio's exposure to the US dollar has been beneficial, with the US market performing well post-election.</li> </ul> <p><b>Future Considerations:</b></p> <ul style="list-style-type: none"> <li>• <b>European Exposure:</b> The next direction of travel is to move assets from European exposure to the US, given the challenges faced by the European economy.</li> <li>• <b>Bond Market:</b> The bond market has been weak, and there is a consideration to reduce exposure to US government bonds and increase exposure to equities or alternative investments such as property.</li> <li>• <b>Inflationary Aspects:</b> The portfolio includes inflation-linked bonds to provide protection against inflation.</li> </ul> <p><b>Discussion Points:</b></p> <ul style="list-style-type: none"> <li>• <b>Reinvestment Strategy:</b> There was a discussion about the potential to realize gains and reinvest them, but it was noted that this would be more of an accounting exercise rather than providing investment value.</li> <li>• <b>Ethical Policy:</b> The committee discussed the ethical policy, particularly regarding fossil fuel investments and the need to codify the policy to provide clearer guidance.</li> </ul> <p>It was resolved that the Committee <b>Noted the report</b></p>	
CF24/66	<p><b>Audit Wales Plan</b>  <i>Michelle Pheonix and Rob Gore – Audit Wales Representatives</i></p> <p>Audit Wales presented the audit plan, providing a detailed overview of the audit process and key areas of focus for the 2023-2024 financial statements.</p> <p><b>Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• <b>Auditor General for Wales:</b> Responsible for statutory audits of the financial statements, ensuring they are true and fair and in accordance with the charity SORP (Statement of Recommended Practice).</li> </ul> <p><b>Significant Risks:</b></p>	

- **Management Override of Controls:** A standard audit risk applied to all audits, where management could potentially override internal controls.
- **Changes to Key Finance Staff:** The appointment of a new charity accountant increases the potential for misstatements due to the complexity of producing financial statements.
- **Quality of Audit Working Papers:** Previous audits highlighted issues with the quality of working papers, including multiple manual adjustments and complex transaction listings.

**Other Areas of Focus:**

- **Control Environment and Fund Manager:** Evaluation of the design and implementation of controls for the financial systems of the fund manager, Brewin Dolphin. The completion of the 2022-2023 audit was delayed due to changes in the fund manager's financial system, requiring additional testing and assurances.
- **Materiality Levels:** Planning materiality set at £35,680, based on 2% of gross expenditure, with a lower level for related party disclosures.

**Audit Fee:**

- **Proposed Fee:** £25,722, reflecting a 6.4% increase from the previous year due to inflationary pressures and the need to invest in ongoing audit quality.

**Timetable:**

- **Audit Work:** Scheduled to start over the next few weeks, with the audit report due to be finalised in January 2025.

**Discussion Points:**

- **Control Environment:** The committee discussed the importance of obtaining external assurances over the design effectiveness of controls at Brewin Dolphin. The updated bridging letter from Brewin Dolphin indicated no material changes to the controls, but additional work may be required to address specific qualification areas.
- **Quality of Working Papers:** The committee emphasized the need for improved quality of working papers to facilitate a smoother audit process. Regular contact with the finance team and post-project learning sessions were highlighted as steps taken to address this issue.
- **Audit Fee:** The committee acknowledged the increase in the audit fee and the statutory requirement to use Audit

It was resolved that the Committee  
**Noted the report**

CF24/67	<p><b>Audit Wales Enquiries Letter Response</b></p> <p>The Interim Executive Director of Finance presented the response to the Audit Wales enquiries letter, providing a detailed overview of the key points addressed in the letter and the actions taken to ensure compliance and transparency. Explaining that the response letter has been prepared and reviewed by the finance team, ensuring that all key points and actions are clearly articulated and supported by evidence. The letter is ready for submission to Audit Wales, demonstrating the charity's commitment to compliance and transparency.</p> <p>It was resolved that The Committee <b>Approved the letter for submission</b></p>	
CF24/68	<p><b>Charitable Funds Finance Report Q1 2024/25</b></p> <p><i>Interim Director of Finance Andrea Hughes</i></p> <p>The Interim Director presented the finance report, providing a detailed overview of the charity's financial performance for the quarter. The report highlighted key areas of income, expenditure, budget, long-term investments, and cash balances, offering a comprehensive view of the charity's financial health.</p> <p><b>Income:</b></p> <ul style="list-style-type: none"> <li>• <b>Donations and Legacies:</b> <ul style="list-style-type: none"> <li>○ Steady income with a regular pattern observed.</li> <li>○ Q2 income slightly below Q1, but not significantly material.</li> <li>○ Year-to-date comparison shows an increase of £40K compared to the previous year.</li> </ul> </li> <li>• <b>Investment Income:</b> <ul style="list-style-type: none"> <li>○ Notable increase with an additional £60K year-to-date compared to the previous year.</li> </ul> </li> <li>• <b>Legacies:</b> <ul style="list-style-type: none"> <li>○ Positive trend with £25K more year-to-date compared to the previous year.</li> </ul> </li> <li>• <b>Fundraising Income:</b> <ul style="list-style-type: none"> <li>○ £50K less year-to-date compared to the previous year.</li> <li>○ Decrease attributed to the timing and nature of fundraising activities.</li> </ul> </li> </ul> <p><b>Expenditure:</b></p> <ul style="list-style-type: none"> <li>• <b>Overall Spend:</b> <ul style="list-style-type: none"> <li>○ Slightly lower in Q2 compared to Q1.</li> <li>○ Fluctuation due to the timing of grant expenditures, which depend on the bids received by the committee.</li> </ul> </li> <li>• <b>Year-to-Date Comparison:</b> <ul style="list-style-type: none"> <li>○ Marginally similar to the previous year, indicating consistent spending patterns.</li> </ul> </li> <li>• <b>Charity Budget Commitment Line:</b></li> </ul>	

- Higher due to the agreement of a 12-month budget at the start of the year, compared to the previous year's approach of splitting the budget into two halves.

**Budget:**

- **Agreed Budget:**
  - £520K for the year.
- **First Six Months Spend:**
  - £153K.
- **Balance:**
  - £367K remaining.
- **Projected Underspend:**
  - Approximately £200K by the end of the year, based on current spending patterns and the remaining budget.

**Long Term Investments:**

- **Value:**
  - £11.4 million at the end of September, compared to £11.1 million in June.
  - Increase attributed to market performance and investment strategies.
- **Unrealised Gain:**
  - £209K year-to-date, reflecting the positive performance of the investment portfolio.

**Cash Balances:**

- **Value:**
  - £2.2 million at the end of September.
  - Increase supported by the receipt of a legacy.
- **Creditors and Commitments:**
  - £1.1 million.
  - Available cash sufficient to meet all liabilities, ensuring financial stability.
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The Interim Executive Director of Finance added that the charity's balance was very healthy compared to the reserves policy, indicating no immediate action was required by the committee.

An Independent Member inquired about the £150K in land assets. The Interim Director of Finance explained that the charity owned a piece of land donated by the organization, which had been considered for sale but was currently being reviewed for potential use in service operational plans. The decision on whether to sell or retain the land would be based on what was best for the charity.

The committee discussed the importance of continuing to monitor income and expenditure closely. They also agreed to review the potential use or sale of the land asset to ensure it aligns with the charity's strategic goals and financial stability.

It was resolved that the Committee **Noted the report**

CF24/69

**Charitable Support Team Progress Report**

*Kirsty Thomson – Head of Fundraising*

The Head of Fundraising provided an update on the activities and progress of the charitable support team. The update highlighted key initiatives, ongoing projects, and future plans aimed at enhancing the charity's impact and operational efficiency.

The charitable support team has been actively working on several fronts to support the charity's mission. Key areas of focus include risk management, large appeals, staff lottery, and overall team development. The team is committed to ensuring that all initiatives align with the charity's strategic goals and provide maximum benefit to the community.

**Key Initiatives and Updates:**

- **Risk Register:**
  - The risk register is being updated and will be presented in January.
  - Focus on identifying, assessing, and mitigating potential risks.
  - Regular reviews to ensure the risk management plan remains effective and relevant.
- **Large Appeals:**
  - Business cases for large appeals are currently in progress.
  - Detailed planning and resource allocation to ensure successful execution.
  - Engagement with stakeholders to gather support and input for the appeals.
- **Staff Lottery:**
  - Ongoing discussions about the staff lottery, particularly regarding the promotion of gambling and its impact on mental health.
  - Consideration of ethical implications and potential alternatives to the lottery.
  - Plans to enhance communication and support for staff participating in the lottery.
- **Team Development:**
  - Continuous training and development opportunities for the charitable support team.
  - Focus on building skills and knowledge to improve overall team performance.
  - Regular team meetings and feedback sessions to foster collaboration and innovation.
- **Community Engagement:**
  - Initiatives to strengthen relationships with local communities and organizations.
  - Collaborative projects aimed at addressing community needs and enhancing the charity's visibility.
  - Efforts to increase volunteer participation and support for various charity programmes.

It was resolved that the Committee

**Noted the report.**

<p><b>CF24/70</b></p>	<p><b>Charity Operational Plan</b></p> <p><i>Kirsty Thomson – Head of Fundraising</i></p> <p><b>Charity Operational Plan</b>  The Head of Fundraising presented the charity operational plan, outlining the strategic initiatives and priorities for the upcoming year. The plan aims to enhance the charity's impact through various transformational programmes and ensure alignment with the agreed budget. The operational plan is designed to address key areas of need, promote sustainability, and improve the overall well-being of the community.</p> <p>The charity operational plan focuses on several transformational priority programmes that are essential for achieving the charity's mission. These programmes include volunteering development, green spaces enhancement, aesthetic improvements in Gwynedd, staff well-being support, and cancer services improvement. Each programme is carefully designed to fit within the agreed budget and contribute to the charity's long-term goals.</p> <p><b>Transformational Priority Programmes:</b></p> <ul style="list-style-type: none"> <li>• <b>Volunteering Development:</b> <ul style="list-style-type: none"> <li>○ Recruitment and training of volunteers to support various charity initiatives.</li> <li>○ Implementation of a volunteer recognition programme to acknowledge contributions.</li> <li>○ Enhancing volunteer engagement through regular communication and feedback.</li> </ul> </li> <li>• <b>Green Spaces Enhancement:</b> <ul style="list-style-type: none"> <li>○ Development and maintenance of green spaces to promote environmental sustainability.</li> <li>○ Collaboration with local communities and organizations for joint green projects.</li> <li>○ Implementation of educational programmes to raise awareness about environmental conservation.</li> </ul> </li> <li>• <b>Aesthetic Gwynedd Charitable Income Plan:</b> <ul style="list-style-type: none"> <li>○ Initiatives to increase charitable income through aesthetic improvements in Gwynedd.</li> <li>○ Fundraising campaigns targeting specific projects within the region.</li> <li>○ Engagement with local businesses and donors to support the initiatives.</li> </ul> </li> <li>• <b>Staff Well-being Support:</b> <ul style="list-style-type: none"> <li>○ Programmes to enhance the well-being of staff, including mental health support and wellness activities.</li> <li>○ Provision of resources and training for staff to manage stress and maintain work-life balance.</li> <li>○ Regular well-being assessments to identify and address staff needs.</li> </ul> </li> <li>• <b>Cancer Services Improvement:</b> <ul style="list-style-type: none"> <li>○ Enhancement of cancer services through targeted funding and support.</li> </ul> </li> </ul>	
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	<ul style="list-style-type: none"> <li>○ Collaboration with healthcare providers to improve patient care and outcomes.</li> <li>○ Funding research and development projects focused on cancer treatment and prevention.</li> </ul> <p><b>Proposed Structure:</b></p> <ul style="list-style-type: none"> <li>● <b>Budget Alignment:</b> <ul style="list-style-type: none"> <li>○ Ensuring all programmes fit within the agreed budget.</li> <li>○ Regular monitoring and reporting of budget utilization.</li> <li>○ Adjustments to the plan as needed to stay within financial constraints.</li> </ul> </li> <li>● <b>Development Sessions:</b> <ul style="list-style-type: none"> <li>○ Scheduled sessions to discuss the operational plan in detail.</li> <li>○ Engagement of stakeholders in the planning process to gather input and feedback.</li> <li>○ Continuous improvement of the plan based on stakeholder insights and changing needs.</li> </ul> </li> <li>● <b>Implementation and Monitoring:</b> <ul style="list-style-type: none"> <li>○ Clear guidelines for implementing and monitoring each programme.</li> <li>○ Regular progress reports to track the success of initiatives.</li> <li>○ Mechanisms for addressing any challenges or obstacles that arise during implementation.</li> <li>○</li> </ul> </li> </ul> <p><b>Action:</b> The committee agreed to hold development sessions to discuss the operational plan in detail, ensuring alignment with the charity's strategic goals and budget constraints. The plan will be regularly reviewed and updated to reflect the evolving needs of the community and the charity's mission.</p> <p>It was resolved that the Committee <b>Approved the Operational Plan</b></p>	
CF24/71	<p><b>Terms of Reference</b></p> <p>The Chair led the discussion on the amendments to the terms of reference, emphasising the importance of ensuring that the committee's roles and responsibilities are clearly defined and aligned with the charity's strategic objectives. The proposed amendments aimed to enhance the committee's effectiveness and governance.</p> <p>The Chair proposed Independent Member Karen Balmer to take position as Deputy Chair, which was accepted.</p> <p>It was resolved that the Committee <b>Approved the Terms of Reference</b></p>	
CF24/72	<p><b>Grants Decision Meeting Minutes</b> <i>Chair</i></p> <p><b>Accuracy</b></p>	

	The minutes of the previous meeting were approved to include the updated bladder scanner price.	
<b>CF24/73</b>	<p><b>Forward Workplan</b></p> <p><i>Kirsty Thomson – Head of Fundraising</i></p> <p>The Head of Fundraising highlighted the forward work plan providing an overview of the key activities and priorities. The forward work plan outlines the key activities, meetings, and milestones for the committee over the next year. It serves as a roadmap to guide the committee's work, ensuring that all critical areas are addressed in a timely and organized manner. The plan includes regular reviews, strategic discussions, and operational updates to maintain alignment with the charity's goals.</p> <p>It was resolved that the Committee <b>Approved the Forward Workplan</b></p>	
<b>CF24/74</b>	<p><b>Cycle of Business</b></p> <p>It was resolved that the Committee <b>Noted the report.</b></p>	
<b>CF24/75</b>	<p><b>Agree Items for referral to Board</b></p> <p>The Chair agreed that the Operational plan and terms of reference were to be referred to the board.</p>	
<b>CF24/76</b>	<p><b>Agree items for Chairs Assurance Report</b></p> <p>It was resolved that the Committee <b>Deferred this item for discussion outside of this meeting</b></p>	
<b>CF24/77</b>	<p><b>Effectiveness of Meeting</b></p> <p>The Chair received positive feedback on the balance between strategic and operational discussions.</p> <p>The meeting was deemed as effective. The Chair thanked the Committee members for their valuable input into the meeting.</p>	
	<p><b>Dates of Upcoming CFC Meetings:</b> January 28th 2025 March 25th 2025</p> <p><b>Dates of grant decision meetings:</b> February 3rd 2025</p>	