



East Kent Hospitals Charity

Registered Charity Number 1076555

Charity Governance Manual

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1.0	March 2019	Charitable Funds Accountant	Final	New Management Document incorporating all former individual Governance Policies for simplicity of location and review by stakeholders. Updated Scheme of Delegation.

Consultation and Ratification Schedule

Name and Title of Individual	Date Consulted
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Associated Documents

East Kent Hospitals Guidance for Purchases Funded by Charities

East Kent Hospitals Guidance for Training Grants Funded by Charities

East Kent Hospitals Gifts, Hospitality and Conflicts of Interest Policy

Contents

1.	Document Summary	4
2.	Introduction	4
3.	Purpose and Scope	4
4.	Definitions	5
5.	Delegation of Responsibilities	5
6.	Terms of Reference – Charitable Funds Committee.....	6
7.	Investment of Surplus Funds	11
8.	Cash	14
9.	Properties	15
10.	Reserves.....	16
11.	Risk Management.....	19
12.	Approval and Ratification Process	20
13.	Review and Revision Arrangements	21
14.	Dissemination and Implementation	21
15.	Associated Documentation	21
16.	Appendices	22
	Appendix A - Scheme of Delegation & Flow Chart.....	22
	Appendix B - Equality Analysis (EA)	24
	Appendix C – Plan for Dissemination of Document	25

1. Document Summary

- 1.1. This Document sets out the governance arrangements for the East Kent Hospitals Charity (the Charity).
- 1.2. The aim is to identify the statutory framework for the operation of the Charity, the responsibilities of the Corporate Trustee and the delegated powers given to the Charitable Funds Committee, fund managers, individual Trust staff and external organisations.
- 1.3. This document replaces the Charity Governance Document, Charity Investment Document Policy and Charity Reserves Policy all of which are now incorporated into this one Governance Document.

2. Introduction

- 2.1. East Kent Hospitals Charity is a registered charity (Number 1076555) established by a Declaration of Trust in April 1990 and regulated by the Charity Commission and set up under NHS legislation.
- 2.2. The Charity exists to raise and receive donations and legacies given to the hospitals, wards, departments and services provided by the East Kent Hospitals University NHS Foundation Trust (the Trust).
- 2.3. The core mission of the Charity is to enhance the care and treatment of patients and visitors accessing the NHS services provided by the Trust by providing additional funds to support the purchase of equipment and facilities which are beyond the scope of government NHS funding.
- 2.4. Objectives are achieved by involving NHS clinicians and staff to identify and deliver projects that make a vital difference to patients by:
 - 2.4.1. Enhancing patient care through the purchase of medical and other equipment with advanced technology;
 - 2.4.2. Improving the environment for patients and visitors;
 - 2.4.3. Supporting NHS staff development to enable them to provide excellent clinical and patient centred care;
 - 2.4.4. Providing financial support for pioneering research that has the potential to impact on the treatment and well-being of patients.

3. Purpose and Scope

- 3.1. The purpose of this document is to facilitate effective management of Charity funds, whether these are invested or held as liquid assets, to achieve the

objectives of the Charity in the immediate and longer term in conjunction with identification and understanding of the risks to the Charity.

- 3.2. This document outlines the Governance arrangements for the operational management of the Charity and the associated responsibilities of committees and officers.
- 3.3. This policy applies to all staff

4. Definitions

- 4.1. **Corporate Trustee** – the organisation legally responsible for having general control and management of the administration of the Charity. East Kent Hospitals University NHS Foundation Trust (the Trust) is the Corporate Trustee of the East Kent Hospitals Charity and the Board of Directors act as agents for the Trust, effectively undertaking the responsibilities of Trustees.
- 4.2. **The Charity** – is the institution established for purposes which are exclusively charitable and is registered with the Charity Commission for England and Wales.
- 4.3. **Standing Financial Instructions (SFI's)** - are the governing arrangements approved by the Board of Directors of the Trust and include the overarching governance of financial transactions.
- 4.4. **Reserves** – that part of a charity's income funds that is freely available for its general purposes.
- 4.5. **SORP** – Statement of recommended practice for the accounting and reporting by charities.

5. Delegation of Responsibilities

- 5.1. The East Kent Hospitals University NHS Foundation Trust (the Trust) is the Corporate Trustee and holds assets belonging to the charity. In addition, Part 9 s177 of the Charities Act 2011 defines 'charity trustees' as 'the persons having the general control and management of the administration of the charity'. The directors of the Corporate Trustee are not Trustees; however, they act on behalf of the Corporate Trustee. The Charity is separate from the Trust and independent of it, but the Trustees always aim to work closely with the Trust. The Corporate Trustee can delegate certain powers to agents and/or employees but will always retain the ultimate responsibility for the management of the Charity.
- 5.2. The Board of Directors has set up a committee, to be known as the Charitable Funds Committee in accordance with its Scheme of Delegation. The

Charitable Funds Committee will oversee the charity's operation on behalf of the Corporate Trustee. The Committee will apply scrutiny and constructive challenge to the Charity's financial information and systems of control, including the annual accounts, to provide assurance to the Board of Directors that the administration of charitable funds is distinct from its exchequer funds and compliant with legislation and Charity objectives.

- 5.3. A scheme of delegation for expenditure is identified within the Trust SFI's. **See Appendix A.**

6. Terms of Reference – Charitable Funds Committee

6.1. Purpose

6.1.1. The purpose of the Committee is to maintain a detailed overview of the Charity's assets and resources in relation to the achievement of the agreed Charity Strategy, specifically: -

- 6.1.1.1. Develop the strategy and objectives for the charity for consideration by the Board of Directors;
- 6.1.1.2. Oversee the implementation of an infrastructure appropriate to the efficient and effective running of the charity;
- 6.1.1.3. Oversee the charity's expenditure;
- 6.1.1.4. Oversee the charity's investment plans;
- 6.1.1.5. Monitor the performance of all aspects of the charity's activities and ensure it adheres to the principles of good governance and all relevant legal requirements.

6.1.2. In order to comply with Charity Commission regulations, the Committee can only act in an advisory capacity and cannot be an approving body. The Board of Directors must retain responsibility for strategic decisions and operational activities.¹ The practical application of this guidance is covered under section 6.5: Authority.

6.2. Objectives

The Committee has the following specific duties and functions.

6.2.1. Develop the strategy and objectives for the charity for consideration by the Board of Directors:

¹ Charity Commission Guidance 86 B3 & Trustee Act 2000 Section 11

- 6.2.1.1. Monitor achievement of the Strategy and objectives. Consider annually whether any updating is to be recommended;
 - 6.2.1.2. Ensure the Charity's strategy and objectives are consistent with the strategic direction of the Trust;
 - 6.2.1.3. Review and submit the Annual Business plan and budget;
 - 6.2.1.4. Provide assurance that the activities of the Charity function do not cause conflict with those undertaken by others supporting East Kent Hospitals University NHS Foundation Trust, e.g. Leagues of Friends.
- 6.2.2. Oversee the implementation of an infrastructure appropriate to the efficient and effective running of the charity:
- 6.2.2.1. Agree and make recommendations for the establishment of an appropriate internal infrastructure for the charitable function including suitable office space; equipment; charity database; cash handling; banking; insurance and legal services etc.;
 - 6.2.2.2. Review the infrastructure and resourcing requirements as necessary.
- 6.2.3. Oversee the development and delivery of the fundraising strategy:
- 6.2.3.1. Agree and recommend any change to the Brand and logo of the Charity and sub branding for Major Appeals;
 - 6.2.3.2. Agree and recommend a comprehensive 3-year Fundraising strategy to be incorporated within the Charity Strategy;
 - 6.2.3.3. Review and recommend all Fundraising policies and activities;
 - 6.2.3.4. Review and approve marketing materials for both the external and internal market place;
 - 6.2.3.5. Oversee the development of the Charity website for public access;
 - 6.2.3.6. Oversee all projects for Major Appeals.
- 6.2.4. Oversee the charity's expenditure:
- 6.2.4.1. Review trust expenditure plans submitted to the charity for the identification of projects for charitable funding;
 - 6.2.4.2. Review approval thresholds for expenditure from the Charity's funds;
 - 6.2.4.3. Receive and recommend proposals for major fundraising appeals;
 - 6.2.4.4. Oversee the rationalization of existing funds;
 - 6.2.4.5. Review all expenditures to ensure these meet objectives of the Charity;

- 6.2.4.6. Review proposals for annual commitments and capital projects for ratification by the Board of Directors.
- 6.2.5. Oversee the charity's Investment Plans:
 - 6.2.5.1. Review investment strategies for the Charity's funds;
 - 6.2.5.2. Oversee the periodic retendering of the investment management contract in line with EU regulations;
 - 6.2.5.3. Monitor investment data and make recommendations to ensure investment performance is maximised. Report on the performance of Investments.
- 6.2.6. Monitor the performance of all aspects of the charity's activities and ensure it adheres to the principles of good governance and all relevant legal requirements.
 - 6.2.6.1. Monitor the effectiveness of fundraising spending and investment activities via a set of agreed metrics;
 - 6.2.6.2. Ensure implemented policies are consistent with Charity Law and the Department of Health legislation and guidelines;
 - 6.2.6.3. Approve the annual report and accounts prior to Audit Committee approval and ratification by Board of Directors.

6.3. **Membership and Attendance**

Members

- 6.3.1. The membership of the Committee shall consist of three Non-Executive Directors, together with the Director of Finance and Performance, Director of Strategic Development, the Medical Director and two additional Trust officers to be appointed by the CFC Chair or Trust Board of Directors. The committee meetings shall be open to all members of the Board of Directors.
- 6.3.2. A Committee Member must make a declaration of interest at the start of meetings and must absent himself or herself from any discussions in which it is possible that a conflict may arise between his or her duty to act solely in the interests of the Charity and any personal interest (including but not limited to any personal financial interest); in accordance with the East Kent Hospitals Gifts, Hospitality and Conflicts of Interest Policy.
- 6.3.3. The Chair of the Committee will be a Non-Executive Director appointed by the Board of Directors. If the Committee Chair is absent from the meeting, the directors present shall choose one of the other Non-Executive Director members to preside for that meeting.

Attendees

6.3.4. The Fundraising Manager and Charitable Funds Manager shall normally attend meetings of the committee. Others may be invited to attend meetings and or be co-opted onto the committee as and when the committee members feel it is necessary. Also, the committee may invite specialist advisors such as the investment managers etc. to attend meetings or parts of meetings, as deemed appropriate by the Chair.

Quorum

6.3.5. At any meeting of the Committee, at least two Non-Executive Directors and one Executive Director must be present. If the Chair is in attendance, this will count towards the quoracy.

Attendance by Members

6.3.6. The Chair or their nominated deputy of the Committee will be expected to attend 100% of the meetings. Other Committee members will be required to attend a minimum of 80% of all meetings and be allowed to send a Deputy to one meeting per annum.

Attendance by Officers

6.3.7. Other staff may be co-opted to attend meetings as considered appropriate by the Committee on an ad hoc basis.

Voting

6.3.8. When a vote is requested, the question shall be determined by a majority of the votes of the members present for the item. In the event of an equality of votes, the person presiding shall have a second or casting vote.

6.4. Frequency of Meetings

6.4.1. Meetings of the Committee shall be held four times a year. The Chair may call additional meetings to ensure business is undertaken in a timely way.

6.5. Authority

6.5.1. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.

6.5.2. The Committee is authorised by the Board to make decisions which are not of a significant nature. Reference should be made, as appropriate to the Standing Orders and Standing Financial Instructions of the Trust. In practice,

what is significant will depend on the judgement of members but committees must refer the following types of issue to the Board of Directors:

- 6.5.2.1. Change the strategic direction of the Trust Charity.
 - 6.5.2.2. Conflict with statutory obligations.
 - 6.5.2.3. Contravene national policy decisions or governmental or Charity Commission directives.
 - 6.5.2.4. Have significant revenue, capital or cash implications as determined by the Trust's Standing Financial Instructions.
 - 6.5.2.5. Have significant governance implications.
 - 6.5.2.6. Is likely to arouse significant public or media interest.
- 6.5.3. The Committee will review expenditure decisions made under delegated authority to officers, to ensure compliance with the charity's objectives and strategies.
- 6.5.4. A committee may set up permanent groups or time limited working groups to deal with specific areas of work or projects. Precise terms of reference for these shall be determined by the committee. However, Board committees are not entitled to further delegate their powers to other bodies, unless expressly authorised by the Trust Board (Standing Order 5.5 refers).
- 6.5.5. A special meeting may be called at any time by the person elected to chair meetings of the Trustees or by any two Trustees. Not less than four days' clear notice must be given to the other Trustees of the matters to be discussed at the meeting. A special meeting may be called to take place immediately after or before an ordinary meeting.
- 6.5.6. The Committee is authorised to investigate any activity within the terms of reference and to seek any information it requires from any employee and all employees are directed to co-operate with any request which in the opinion of the Chair of the Committee is properly made by the Committee.
- 6.5.7. The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience if it considers this necessary. Legal advice should normally be arranged through the Trust Secretary.
- 6.6. Servicing Arrangements**
- 6.6.1. The Trust Board Secretary shall ensure an appropriate officer attends meeting to take minutes. Agendas and papers shall be distributed one week prior to the meeting.

6.7. Accountability and Reporting

- 6.7.1. The Committee is accountable to the Board of Directors.
- 6.7.2. Chair reports will be provided to the Board of Directors to include: committee activity by exception; decisions made under its own delegated authority; any recommendations for decision; and any issues of significant concern.
- 6.7.3. Approved minutes will be circulated to the Board of Directors. Requests for copies of the minutes by a member of public or member of staff outside of the Committee membership will be considered in line with the Freedom of Information Act 2000.

6.8. Monitoring Effectiveness and Review

- 6.8.1. A survey will be undertaken by the members on an annual basis to ensure that the terms of reference are being met and where they are not either; consideration and agreement to change the terms of reference is made or an action plan is put in place to ensure the terms of reference are met.
- 6.8.2. The terms of reference will be reviewed and approved by the Board of Directors on an annual basis.

7. Investment of Surplus Funds

7.1. Purpose

- 7.1.1. Under the Trustees Act 2000, trustees are required to have a written investment policy. They are required to be able to demonstrate that they review this policy, and the performance of investment advisors to ensure that the Charity's' funds are being managed to achieve a satisfactory financial return to further their aims and objectives.
- 7.1.2. This policy is to facilitate effective management of funds, whether these are invested or held as liquid assets, to achieve the objectives of the Charity in the immediate and longer term in conjunction with identification and understanding of the risks to the Charity.
- 7.1.3. The purpose of financial investment is to yield the best financial return within an acceptable risk profile which can then be used to further the Charity's objectives.

7.2. Duties

- 7.2.1. The Trustees have a duty when exercising their powers of investment to consider the risks and required returns and must ensure investments are ethically sound and are not opposed to the purpose of the Charity.

7.2.2. In order to act within the law, the duties of trustees are to: -

7.2.2.1. Know, and act within, their charity's powers to invest;

7.2.2.2. Exercise care and skill when making investment decisions;

7.2.2.3. Select investments that are right for their charity, taking account of:

a) suitability of the investment;

b) the need to diversify;

c) ethical, socially responsible and mission related approach;

7.2.2.4. Take advice from someone experienced in investment matters unless they have good reason for not doing so;

7.2.2.5. Follow the Trust's SFI's and European Law when appointing investment managers;

7.2.2.6. Review investment performance, suitability and the policy regularly.

7.3. Investment of surplus funds

7.3.1. The investment of surplus funds of the Charity is administered and managed by an accredited Investment Manager. Investment Managers are appointed for a set period of four years with an option to extend for a further year, with the contract being retendered when appropriate to comply with the Trust's procurement procedure and European purchasing legislation.

7.3.2. In view of the volatility in the share markets the following criteria for investment have been **recommended**: -

7.3.2.1. Investment will be through pooled schemes to reduce risk and increase diversity;

7.3.2.2. Total investment in market shares should not exceed 60% of the total assets of the charity;

7.3.2.3. Any investments in market shares must be readily accessible (within 7-10 days) to meet any unplanned expenditure;

7.3.2.4. Shares, bonds and equities must be from a Recognized Investment Exchange and alternate markets which are authorized under the Financial Services and Markets Act 2013;

7.3.2.5. Invest the funds in a way which aims to both preserve their capital value and produce a proper return consistent with prudent and non-speculative or hazardous investment such as the acquisition of futures or traded options.

- 7.3.3. The level of investment will be determined by the Trustees proportionately to the assets held and the funds required to meet the annual costs and programme of grants which maintain the reserves of the Charity in accordance with current policy.
- 7.3.4. The Investment Managers are required to attend the Charitable Funds Committee annually, as a minimum, to discuss the performance of the portfolio and to provide advice with regard to the continuing strategy for the management of funds held. Quarterly reports on activity, performance and valuation must be available to the Trustees (e.g. online).
- 7.3.5. An appropriate benchmark will be agreed on appointment of Investment Managers and performance will be monitored against the targets identified within the tendered contract.

7.4. **Ethical Considerations**

- 7.4.1. Although generally the interests of a Charity's beneficiaries are best served by seeking to obtain a "real" financial return from a suitably diverse portfolio of investments, the investment manager will have due regard to not investing in those assets which could be detrimental to the objectives and aims of the NHS.
- 7.4.2. The Trustees reserve the right to exclude companies that carry out activities contrary to the Charity's aims or from holding particular investments which damage the Charity's reputation.
- 7.4.3. Investments must be placed considering the Charity's attitude to ethical, environmental and social issues. The Charity should not knowingly invest in:
 - 7.4.3.1. Companies manufacturing or selling tobacco
 - 7.4.3.2. Avoid investment in companies that have more than 10% of their turnover from: -
 - a) Alcohol manufacture
 - b) Armaments
 - c) Gambling
 - d) Pornography
 - 7.4.3.3. Any industries which have demonstrable links to cancer or other life limiting conditions. This includes boxing related organisations due to associated life altering head injuries.
 - 7.4.3.4. Any company which is unable to demonstrate that they have satisfied themselves that human rights and employment laws have been complied with throughout their supply chain.

7.4.3.5. The Charity accepts that the investment in common investment funds (and similar products) may give the Charity indirect exposure to tobacco related investments and other ethically opposed investments.

7.4.3.6. Where the Charity considers ‘positive’ socially ethical investment may further the Charity’s objectives these should not be excluded from any investment where it is considered that the benefit outweighs the loss in financial terms.

7.5. Objectives

7.5.1. The objectives of the investment portfolio are to provide a sustained income (of £65,000 - £75,000 per annum) with capital growth for the mid to long-term. The aim is to achieve a minimum total return of 3% per annum over the long-term (based on a £2.5m portfolio) and proportionately thereafter subject to market influences.

7.5.2. The table below provides indicative asset allocation which can review by the Charitable Funds Committee together with advice from the Investment Managers on an on-going basis to ensure suitability to meet objectives.

Asset Classes	Benchmark %	Ranges %	Indices
Fixed Interest	25	10-30	FTSE All-Stocks Index
UK Equities	30	20-40	FTSE All-Share Index
Overseas Equities	20	10-30	FTSE World ex-UK Index
Property	10	5-15	IPD Balanced PUT Index
Absolute Return	15	5-35	7 Day LIBID

7.5.3. Income accumulates on the income account and is paid out quarterly.

7.5.4. Income, losses and gains and management costs are apportioned across all the funds monthly on an average balance basis, with the exception of the Umbrella General Purpose Fund which is retained as a cash only fund to meet current commitments and to uphold the Charity reserves policy.

8. Cash

8.1. Cash requirements will be assessed at the start of each financial year and will then be reviewed on a quarterly basis by the Charitable Funds Committee.

- 8.2. The levels of cash required to meet annual commitments and the programme of grants will be held with an accredited bank as approved by the Trustees. The funds held should not be lower than the current reserves dictate within Section 10.
- 8.3. To maximise the return on surplus cash which is not ordinarily required by the Charity within a 12 month period, and to reduce risks to that covered by the Financial Services Compensation Scheme (currently £85,000) a rolling programme of short term deposits will be held in higher interest deposit accounts of no more than four at any one time with access within 90 days.
- 8.4. Cash held as short-term investments must take account of the current economic climate in regard to bank account ratings and fit with strategic direction. Moody's obligations rated (an integrated risk assessment firm that provides risk ratings) are judged to be of high quality and are subject to very low credit risk. Obligations rated Baa are judged to be medium grade and subject to moderate credit risk. Wherever possible investments should be held in A rated institution.
- 8.5. If additional funds are required to meet unexpected costs or commitments cash will be drawn from the bank in the first instance and the programme of short-term investments will be curtailed and/or reduced.
- 8.6. Where additional liquidity is required to maintain the Charity Strategy of grants to the Trust, shares will be sold at the earliest opportune time to maximise income from the sale. The portfolio will be reduced over time in consequence of the Charity Strategy to reduce the capital held and to achieve the ratio of no greater than 60% of total assets.
- 8.7. The Charitable Funds Committee will authorise cash investments and withdrawals from capital which will be reported and ratified by the Board of Directors.

9. Properties

- 9.1. The Charity currently holds a 50% share in a property as part of a legacy bequeathed to the Margate Civic Society and the Queen Elizabeth the Queen Mother Hospital in Margate.
- 9.2. The property is held as an Investment with a legal Trust (The Devereux Trust) set up with the Margate Civic Society as the terms of the will identify that the son of the legatee has a life tenancy/interest in the property.

- 9.3. Maintenance of the property is undertaken by the Charity and interest is charged to the estate to recover the cost of the maintenance and interest on cash expended.
- 9.4. Should the upkeep of the property fall below expected capital return upon sale the property will be sold and funds invested, with all income less costs attributable to the son until his death when the Charities will receive the capital and the legal entity will be revoked.
- 9.5. In compliance with the Charity Strategy to reduce the capital and expend funds within a reasonable period, no further investment in properties will be entered into. This excludes property investments held within the Charity portfolio.

10. Reserves

10.1. Purpose

- 10.1.1. This section sets out the policy for the holding of reserves held in the East Kent Hospitals Charity (the Charity) as required by Statement of Recommended Practice (SORP) FRS 102 2015 Section 1.1.48.
- 10.1.2. The level of reserves held are in alignment with the Strategy for the Charity which outlines the level of support to be provided by way of grants to the East Kent Hospitals NHS Foundation Trust (the Trust) against the expected income received over a three-year period.
- 10.1.3. The policy will be reviewed every 3 years (annually updates for recommended practice changes) ensure that reserves are maintained to meet legal responsibilities for both grant and audit commitments since these may fluctuate dependent on grants approved and mandatory administrative requirements of the Charity.

10.2. Definitions

- 10.2.1. Charity Reserves as defined under SORP 2015 Section 1.4 are those funds which become available to the charity to be spent at the trustees' discretion in furtherance of the charity's objectives, but which are not yet spent or committed or could only be realised through the disposal of fixed assets. These are therefore classified as 'free'.
- 10.2.2. Classification of funds: -
 - 10.2.2.1. Restricted Funds – funds which are subject to specific trusts e.g. terms of a will – not free

10.2.2.2. Endowment Funds – funds which are to be held as capital and only the income generated can be expended for the purpose as laid down by the scheme – not free

10.2.2.3. Unrestricted Funds – funds which are expendable at the discretion of the Trustees, or designated in consideration of donors wishes – free.

10.3. Purpose and Scope

10.3.1. Trustees are under a legal duty to apply charity funds within a reasonable time of receiving them. This document aims to set out: -

10.3.1.1. The reasons why the charity holds reserves;

10.3.1.2. What level of reserves the Trustees believe the charity needs;

10.3.1.3. Arrangements for maintaining reserves at the agreed level;

10.3.1.4. Monitoring and review of governance arrangements.

10.3.2. This document is to ensure that the levels remain achievable and remain appropriate.

10.4. Duties

10.4.1. The Charitable Funds Manager will: -

10.4.1.1. Ensure that this Governance document reserve policy is available electronically via the Charity Website;

10.4.1.2. Distribute the Governance document and reserve policy to the Trustees and those committees and individuals with delegated responsibilities have sight of this policy;

10.4.1.3. Provide reports to the Charitable Funds Committee to enable them to monitor the funds to ensure reserves are held and maintained at the agreed levels, reporting any issues to the Trustees.

10.5. Justification of holding Reserves

10.5.1. Reason for holding reserves

10.5.1.1. The Trustees consider it necessary to retain reserves over the longer term to reduce the impact of risks from the external environment should the levels of income reduce significantly that the charity cannot meet its legal obligations.

10.5.1.2. Legal obligations are identified as:

a) When goods have been received;

- b) Where service has been provided;
- c) Termination settlements for staff under contract;
- d) Production of financial accounts;
- e) Administration to wind up the Charity.

10.5.1.3. Reserves will ensure that the charity can continue their programme of support to the Trust and ensure that the charity can cover its on-going operational costs to process those approved grants that remain outstanding.

10.5.1.4. Meet the cost of closure or transfer of the charity’s affairs should the need ever arise.

10.5.2. Level of Reserves

10.5.2.1. The Trustees agree that the minimum level of the reserves should be such to meet one year's operational costs and the estimated outstanding commitments.

10.5.2.2. The annual commitments are not absolute and are reviewed and agreed by Trustees each year. The levels set reflect the charity three-year Strategy which may require annual adjustment of reserves as the Strategy moves to achieve its’ objectives.

10.5.2.3. The Trustees have agreed that for the next three years’ the minimum level of reserves to be held should be £300,000 per annum.

10.5.3. Calculation of Reserves

10.5.3.1. Reserves will be calculated by total funds held in Unrestricted and Designated funds which include any accrued commitments;

10.5.3.2. Total Unrestricted and Designated funds – less apportioned investments and any funds held for Major Appeals. **Example** table below: -

Breakdown of Reserves	£000,'s
Total Unrestricted funds (excl Invest)	721
Less Designated Funds	(135)
less property funds	(45)
less Dementia Appeal Fund (472-1402)	(18)
Freely available reserves	388

10.6. Maintaining agreed level of Reserves

10.6.1. The Trustees continue to review the balances held in all funds, in accordance with the provisions of the NHS Acts relating to charitable funds, to determine whether these funds are likely to be committed in the near future and the extent to which there is a continuing need identified for any particular fund(s). In the event that there is no identified immediate need the Trustees will bring this to the attention of the Trust to seek a project to which the funds can be applied.

10.6.2. The Trustees will ensure that any fund, either restricted or unrestricted is not over committed and that the reserves held are sufficient to cover all legal obligations as identified in 10.5.1.2.

10.7. **Monitoring Compliance**

10.7.1. The quarterly Finance Report provided for the Charitable Funds Committee will include the current level of reserves to monitor the effectiveness of the policy with regard to ensuring the funds held are being used within a reasonable period or that where reserves are increased above the levels identified that there are projects planned to justify the increase.

11. **Risk Management**

11.1. The Trustees have a responsibility to identify all risks associated with the administration of the Charity and to take all reasonable steps to reduce and apply procedures to mitigate those risks.

11.2. The Charity identifies risks within the following categories: -

- a) Financial
- b) Governance
- c) Reputational

11.2.1. **Financial Risks** are where the Charity is exposed to excessive financial loss. The highest exposures to risk are associated with Investment Management, Banking, Fraud, Malpractice or Theft. The Charity limits exposure by adopting wherever possible policies and procedures of the Trust, their financial systems and the internal audit of these areas. The Charity adopts accounting policies which are in accordance with Charity Commission Statement of Recommended Practice (SORP) is subject to external audit and submits financial reports and returns to the Charity Commission and other organisations as required by law or good practice.

11.2.2. **Governance Risks** are where the Charity is exposed to operational failures or legal breaches as a result of inappropriate organisational structure, employees and trustees without relevant skills or commitment or conflict of

interest. The Charity limits this risk through training for all the employees and Trustees of the Charity and annual external audit.

- 11.2.3. **Reputational Risks** are where the Charity is exposed to negative media or a loss of trust. The largest exposures to risk are in the Charity's use of Social Media, connections to external organisations through investment or supply of goods and/or services and the management and outcome of public fundraising events. The Charity limits exposure by assessing risk for events ensuring entry fees to cover costs and fundraisers receive support from the Charity's team. Websites and press releases are managed via the Trust Communications Team and employees are trained when working through other social media. Investments and supply of goods are managed through the Trust procedures which are subject to tender and procurement policies to ensure suppliers are subject to scrutiny and contractual engagement.
- 11.3. The Trustees implement policies, ensure compliance with good practice and to reduce risks review these on a regular basis.
- 11.4. The Charity maintains a risk register which the Charitable Funds Committee regularly reviews to bring areas of concern to the attention of the Trustees and to consider the likely effectiveness of the mitigating action that has been proposed.
- 11.5. Both internal and external auditors are pro-active in ensuring the policies, systems and procedures are robust and that the information provided to the Trustees is timely, relevant and accurate to enable them to discharge their responsibilities effectively.

12. Approval and Ratification Process

- 12.1. The Charitable Funds Committee is responsible under the Terms of Reference for the management of the Charity and must review the policies and risks associated with the administration of the Charity on a day to day basis.
- 12.2. The Charitable Funds Committee will make recommendations to the Board of Directors for their consideration and approval of all policies and decisions which determine the strategic direction of the Charity and have any significant impact on the Charity and its ability to achieve its objectives.

13. Review and Revision Arrangements

- 13.1. The Charitable Funds Committee will review the Governance Document every 3 years (with an annual review to reflect latest guidance) basis to ensure that it meets the requirements of the Charity.

14. Dissemination and Implementation

- 14.1. This Governance Document will be held on the Charity Website and in the Charity's administration office in the Finance Directorate at Kent and Canterbury Hospital.
- 14.2. Superseded policies will be archived in accordance with the Trust Information Lifecycle policy.

15. Associated Documentation

Charity Advice and Guidance for Trustees - www.charity-commission.gov.uk

Statement of Recommended Practice (SORP) FRS 102 – Charity Commission (England and Wales): www.charity-commission.gov.uk

NHS Acts: - – www.gov.uk

Standing Financial Instructions (SFI's) – Trust 4 policies

Standing Orders – Trust Constitution for operational policies

Trustee Guide on Investments – Charity Commission guide CC14 and CC32

16. Appendices

Appendix A - Scheme of Delegation & Flow Chart

In compliance with Standing Financial Instructions, section 19 and Appendix A2, the delegated signatories and levels approved by the Charitable Funds Committee are identified below.

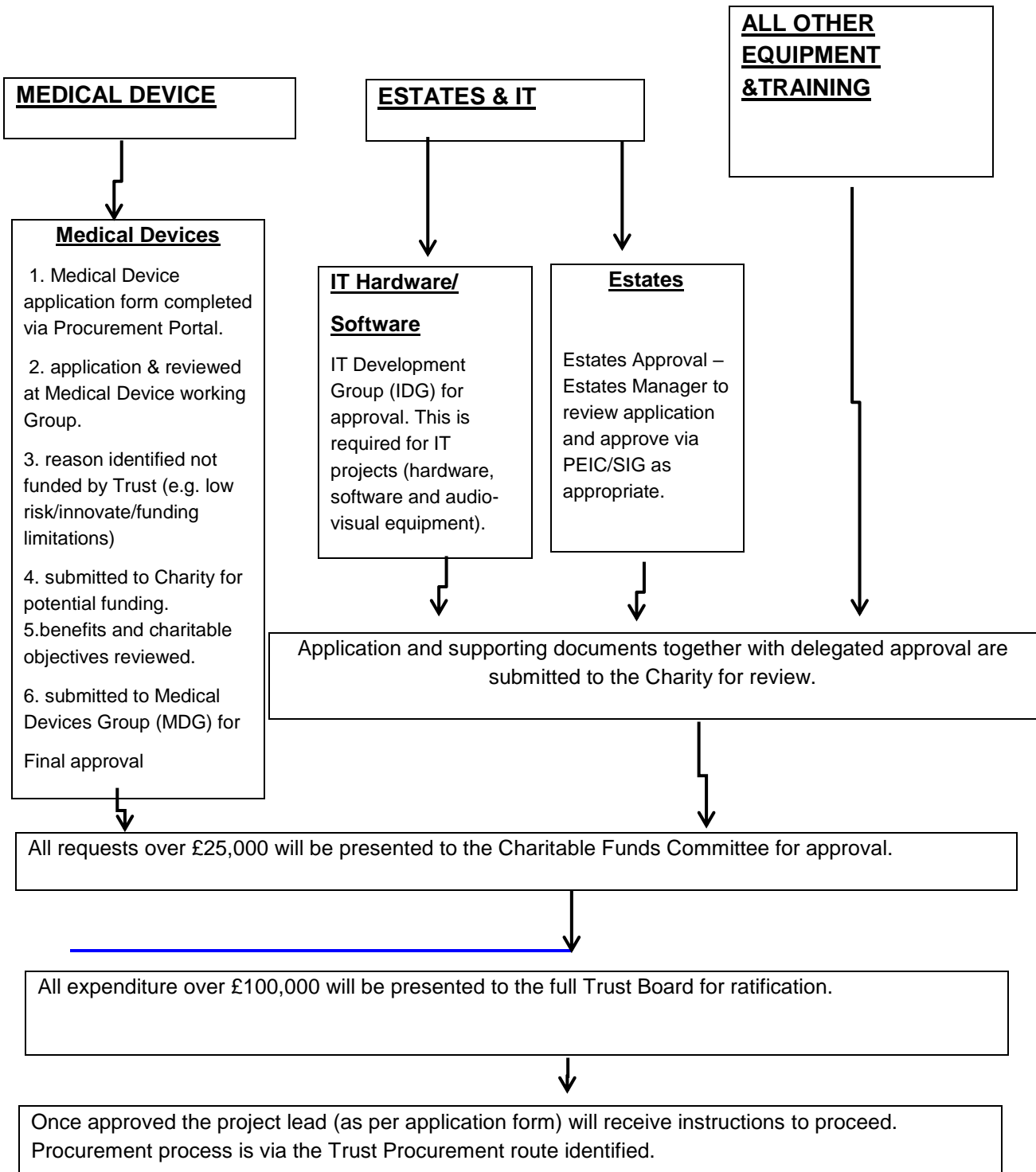
All expenditure over £5000 will be considered, together with any appropriate business case, at the relevant Care Group Procurement Board (or equivalent as identified in table below) to ensure the application is in line with strategic direction of the Trust.

Where appropriate, in accordance with Trust procedure, the business case will require approval from the additional committee/group, e.g. Medical Equipment will require the formal approval of the Medical Devices Group.

All charity expenditure is subject to the Trust Procurement policies, delegated signatory authorisations and procedures.

Charitable Funds – Approved Scheme of Delegation	
Under this section you must consider the TOTAL amount (including VAT) that you are requesting from charitable funds. If the amount is:	
Up to £500	This can be signed off by a “delegated Signatory” (this may be the ward or department head or service lead for the area)
£501-£5,000	This can be signed off by the “delegated Signatory” as above AND the Matron or Care Group Senior (or Deputy)
Over £5,000	This can be signed off by the “delegated Signatory” and Care Group Procurement Board. For authorisation outside of the Care Group Procurement Board the Care Group Nursing Manager/ Operations Director (or their Deputies) & Finance Lead or deputy where appropriate. Applications not specific to a Care Group can be authorised by an Executive Lead.
Over £25,000	Approval from Charitable Funds Committee
Over £100,000	Approval from Trust Board
NOTE: All Medical equipment regardless of value must be approved via Medical Devices Group Portal Process	

East Kent Hospitals Charity: Application Flow Chart



Appendix B - Equality Analysis (EA)

Person completing the Analysis		
Name	Jenny Still	
Job title	Financial Accountant - Charity	
Care group/Directorate	Finance	
Date completed	March 2019	
Who will be impacted by this Governance Document	<input checked="" type="checkbox"/> Staff (EKHUFT) <input checked="" type="checkbox"/> Staff (Other) <input checked="" type="checkbox"/> Service Users	<input type="checkbox"/> Carers <input type="checkbox"/> Patients <input type="checkbox"/> Relatives

Assess the impact of the Governance Document on people with different protected characteristics.		
Protected characteristic	Characteristic Group	Impact of decision Positive/Neutral/Negative
e.g. Sex	Women	Positive
	Men	Neutral
Age		
Disability		
Gender reassignment		
Marriage and civil partnership		
Pregnancy and maternity		
Race		
Religion or belief		
Sex		
Sexual orientation		

Conclusion:	There are no equality or discrimination implications that result from this Governance Document.
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Appendix C – Plan for Dissemination of Governance Document

To be completed and attached to when submitted to the appropriate committee for consideration and approval.

Title of document:	Charity Governance Document		
Version Number:	1		
Approval Date:	12/03/2019	Dissemination lead:	Jenny Still
Previous document already being used?	Yes		
If yes, in what format (paper / electronic) and where (e.g. Directorate / Trust wide)?	Electronic Trust wide – Trust Website -Charity		
Proposed instructions regarding previous document:	Remove		
To be disseminated to:	How will it be disseminated, who will do it and when?	Format (i.e. paper or electronic)	Comments:
	Held in Charity Offices and published on Charity website	Electronic	