

Charitable Funds Investment Performance Review Sub Committee

Terms of Reference & Operating Arrangements

Reviewed:	September 2024
Approved:	September 2024
Next Review Date:	September 2025

1. INTRODUCTION

- 1.1 The Trust's standing orders provide that "The Board may and, where directed by the Welsh Government must, appoint Committees of the Trust 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".
- 1.2 The Charitable Funds Committee was established by the Board to make and monitor arrangements for the control and management of the Trust's Charitable Funds.
- 1.3 As part of its function, the Charitable Funds Committee has determined to establish a Sub Committee to specifically monitor the performance of the Investment portfolio on its behalf whilst recognising that the Trust Board as Corporate Trustee is ultimately accountable.

2. PURPOSE

- 2.1 The purpose of the Investment Performance Review Sub Committee ("the Committee") is to undertake the following tasks on behalf of the Committee:
 - Ensure that when investing charitable funds Trustees achieve an appropriate balance for the Charity between the two objectives of:
 - a) Providing an income to help the Charity carry out its purposes effectively in the short term; and
 - b) Maintaining and, if possible, enhancing the value of the invested funds, so as to enable the Charity to carry out its purpose in the longer term.
 - Ensure that the following standards as defined in **the Trustee Act are followed**, whether they are using the investment powers in that Act or not:
 - a) That the Charity is discharging its general duty of care (as described in section 1 of the Trustee Act), which is the duty to exercise such care and skill as is reasonable in the circumstances. This applies both to the use of any power of investment and to the discharge of the specific duties which the Act attaches to the use of investment powers.
 - b) Secondly, that the Charity is complying with the following **specific duties**:
 - Trustees must consider the **suitability** for the Charity of any investment. This duty exists at two levels. The Trustees must be satisfied that the type of any proposed investment (e.g. a common investment fund or a deposit account) is right for the Charity They also have a duty to consider whether a particular investment of that type is a suitable one for the Charity to make, based on the overall investment policy set by the Charitable Funds Committee Trustees

should, at both levels, try to consider the whole range of investment options which are open to them; how far they should go here will, of course, depend on the amount of funds available for investment.

- Trustees must consider the need for **diversification**, i.e. having different types of investment, and different investments within each type. This will reduce the risk of losses resulting from concentrating on a particular investment or type of investment.
- Trustees must periodically review the investments of the Charity. The nature and frequency of these reviews is up to the Trustees to decide, but the reviews should be proportionate to the nature and size of the Charity's investment portfolio. To review too infrequently may result in losses or missed opportunities; chopping and changing investments too frequently may incur unnecessarily high levels of transaction charges. A review of the investments should be carried out at least once a year.
- Trustees must monitor the overall performance of the portfolio and, in so far as it is possible, compare the rate of return with returns achieved by other similar organisations. The rate of return will need to be reported annually to the Charitable Funds Committee as part of its annual report.
- Before exercising any power of investment, and when reviewing the Charity's investments, Trustees must obtain and consider proper **advice** from a suitably qualified adviser.

3. DELEGATED POWERS AND AUTHORITY

The Committee has delegated responsibility to the sub-committee to review the performance and strategy for the Investment Portfolio in the context of the general and specific duties set out above and has delegated the authority to investigate all relevant aspects relating to this function.

4. MEMBERSHIP

Members:

The membership of the Charitable Funds' Investments Performance Sub Committee is as follows:

- Two Independent Members of the Board (Non Executive Director)
- The Chief Executive
- The Executive Director of Finance.

One of the independent members will be Chair of the Sub-Committee.

An invitation to attend these Sub Committee meetings has been given to representatives of the Trust's Investment Management Service Provider.

Attendees:

In attendance

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

- Deputy Director of Finance
- Investment Advisors

Secretariat

The Sub Committee shall be serviced by a Secretary who shall not be a member of the Sub Committee with agendas and papers circulated at least 10 working days before meetings.

5. COMMITTEE MEETINGS

Quorum - At least two members must be present to ensure the quorum of the Committee. Of the two, one must be an Independent Member.

The Sub Committee should meet every six months or as required.

The Sub 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.

6. RELATIONSHIP & ACCOUNTABILITIES WITH THE BOARD AND ITS COMMITTEES / GROUPS

Although the Board has delegated authority to the Charitable Funds 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 the organisation.

The Sub Committee is directly accountable to the Charitable Funds Committee for its performance in exercising the functions set out in these terms of reference.

The Sub Committee shall embed the Trust's corporate objectives, priorities and requirements, e.g., equality and human rights throughout the conduct of its business.

7. REPORTING AND ASSURANCE ARRANGEMENTS

The Sub-Committee Chair shall arrange for a report formally, regularly and on a timely basis to the Charitable Funds Committee on the Committee's activities. This includes verbal updates on activity and the submission of written highlight reports following each meeting.

8. APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

The requirements for the conduct of business as set out in the Trust's Standing Orders are equally applicable to the operation of the Sub Committee, other than in relation to the quorum requirements as specified in 5.1 above.

9. REVIEW

These terms of reference and operating arrangements shall be reviewed annually by the Sub Committee and the Charitable Funds Committee with reference to the Board.