

CONSTITUTIONAL REVIEW

BACKGROUND, RECOMMENDED APPROACH AND NEXT STEPS

Background to the constitutional review and process to date

In late 2023, the new Incorporated Societies Act 2022 came into force. To remain legally compliant and continue operating as an incorporated society, Heart Kids needs to update its constitution to reflect the new legal requirements and re-register under the new Act by 5 April 2026. Failing to adopt a new constitution means we can't re-register and Heart Kids would cease to exist. Therefore doing nothing is not an option.

The Heart Kids Constitution is the legal document that outlines our organisation's purpose, what it does and how it operates at a governance level. It also outlines the rights and responsibilities of our members, board and branches, and provides us with the principles and rules we must comply with.

Given the necessity to review and amend the constitution, this is the perfect opportunity to ensure that Heart Kids is constitutionally structured to best serve our heart kids and heart kids whānau, while also ensuring that our staff, branches, volunteers and board members are well supported in their respective roles.

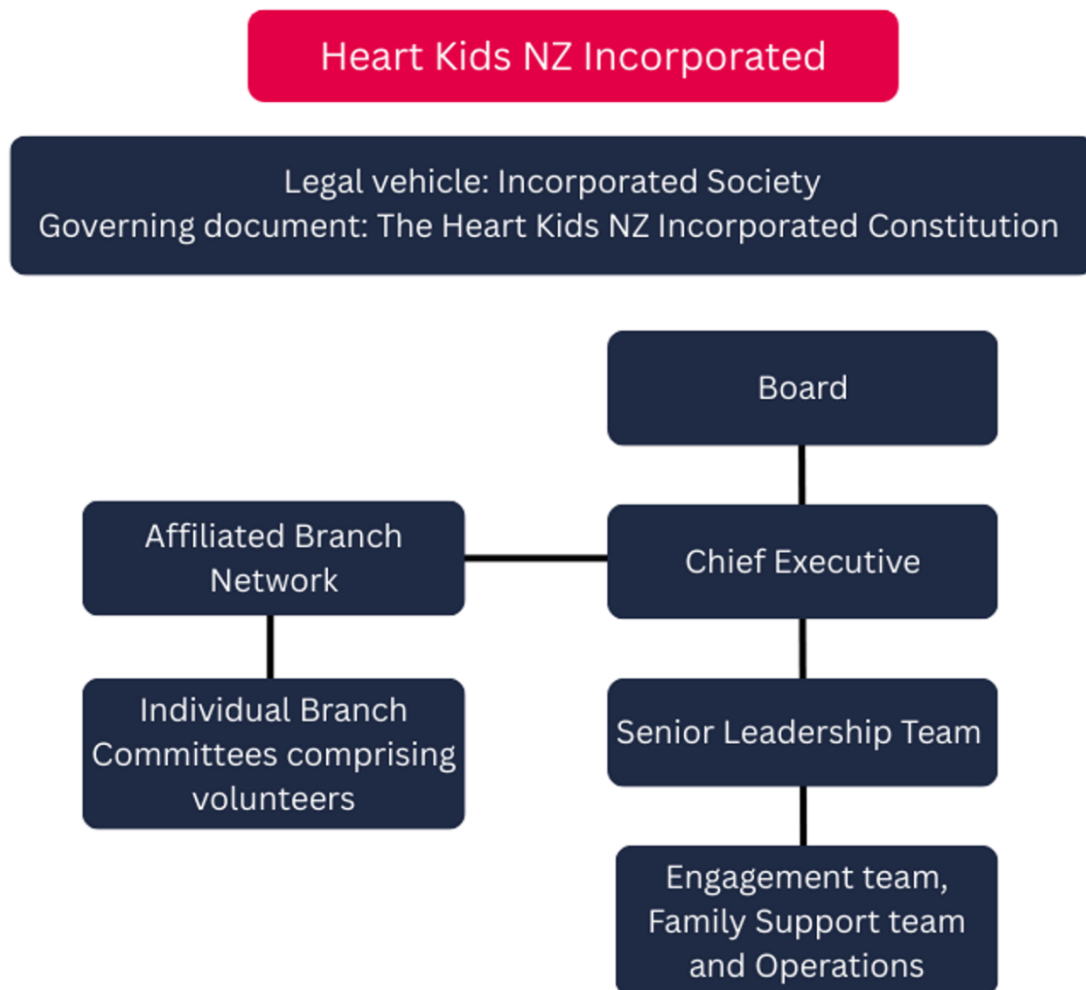
Between January and early April, the Board Chair and Chief Executive held sessions with staff, branches, interested members and the board where people could share their views and ideas on how Heart Kids could improve its current constitution, and governance. The overarching objective was to ensure Heart Kids would be set up well for the future and in a way that would enable the most impactful delivery of services to our members.

All input and ideas were considered and a draft proposal developed by the board. As part of the process, other children's health charities that have made constitutional changes in the last five years were looked into. This was presented back to staff, branch committees and members in early April for feedback.

The final proposal being presented to members in this document and at the AGM takes into consideration all the feedback to date. Most ideas for improvement, and the feedback and questions on the recommended changes, were operational in nature. These operational matters won't be directly addressed in our constitution review changes, as this review's amendments must focus at the governance level. However, they proved invaluable. Having the right constitutional structure makes it easier to improve what we received the most feedback about; our operations, the support to branches, and the delivery of services to our members. The Chief Executive and his

team will consider and prioritise these operational improvements, with some already in progress.

The current Heart Kids structure

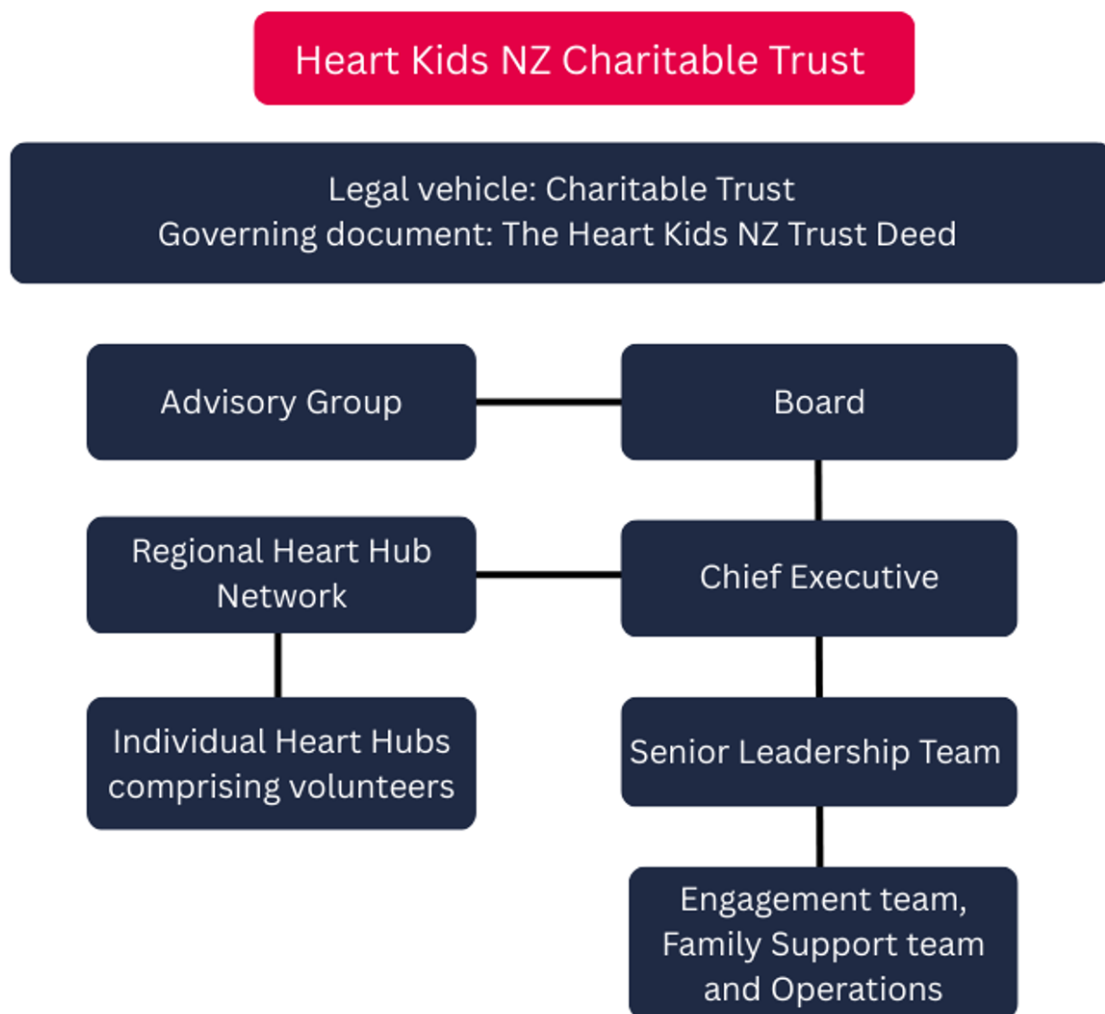


- Heart Kids current legal vehicle is an incorporated society governed by our constitution.
- The Board is responsible and reports to members and is tasked with governance. It's comprised of up to six regional representative members with lived experience of being a heart kid themselves or a parent of a heart kid. They are voted onto the board by other members in their region. There are also up to four co-opted individuals appointed by the board for their skills and competencies.
- The Board is responsible for appointing and managing the relationship with the Chief Executive, and the Chief Executive manages the employment of all other staff.
- Our affiliated branches report to the Chief Executive. The branches are part of our incorporated society and not separate legal entities in their own right. Our constitution defines their role as conducting fundraising, holding events for members, and providing peer to peer support. Our constitution states branches

must hold a Certificate of Affiliation and operate under our Affiliated Branch policy.

- Taiturā (our on the ground family support workers) are attached to a branch in regions that have them but are employed by the national support team. Currently there are only 5 active branches with the remaining 11 regions across New Zealand operating without a branch and often without any volunteer support, as volunteers are difficult to attract and retain in this model.
- The organisation must hold an Annual General Meeting every year and members have voting rights

The proposed new structure for Heart Kids



- It is proposed that Heart Kids move to a Charitable Trust structure governed by a Trust Deed
- The Trust Board is entrusted with upholding the charitable purpose outlined in the Trust Deed and is responsible for governance. It consists of up to seven trustees, including at least two individuals who have personal experience as a heart kid or the parent of a heart kid, and up to five others appointed for their skills and competencies.

- The Trust Board is responsible for appointing and managing the relationship with the Chief Executive, and the Chief Executive manages the employment of all other staff
- Heart Kids will maintain a volunteer community dedicated to fundraising, organising events for members, and providing peer to peer support. This community will be managed through a Regional Heart Hubs Network, that will replace the current Affiliated Branch Network. A national volunteer coordinator will be employed to support the Regional Heart Hub Network, ensuring consistent brand use, appropriate health and safety measures, and a united approach to fundraising.
- Heart Kids will establish an Advisory Group to the Board, serving as a members' forum to represent and elevate member and regional issues to the Board. Each regional heart hub would put forward someone for their representation in this group to streamline the election process. Advisory group members would be provided a role description.
- Taiturā, our on the ground family support workers, will continue to be employed by the national support team to support families and will be connected with their respective regional heart hub.
- Locally raised funds will remain local to support regional services.
- Heart Kids will hold an Annual Public Meeting at the end of each financial year, providing members and interested individuals the opportunity to hear from the Board and Chief Executive about the organisation's affairs and ask questions.

Benefits of the proposed new Charitable Trust structure

We believe this is the best possible way to future proof Heart Kids, to set us up for success and enables us to deliver services and support to our heart kids and whānau in the most impactful way possible.

The reasons for this:

- **Effective Governance:** Trustees will be appointed based on their skills and competencies, allowing Heart Kids to be governed effectively and removing recruitment restrictions.
- **Advisory Group:** The advisory group offers a meaningful way for individuals to contribute their lived experience and at the board level without the legal responsibilities that come with a board role.
- **Regional Heart Hub Network:** We will retain the successful elements of our current branch model by establishing a locally led but centrally enabled regional heart hub network.
- **Focused Volunteers:** Regional volunteers will concentrate on fundraising and event activities within a framework, without the need for dedicated branch management activities.
- **Easier Volunteering:** This approach aims to simplify volunteering and increase our chances of recruiting volunteers for the regions that currently lack branches or volunteers.

- Clear Accountability: Heart Kids will manage staff employment, HR, expenses and approvals within a framework, providing clearer and simpler lines of accountability for our staff.
- Centralised Financial Administration: Financial administration will be managed centrally, alleviating the burden on our volunteers.
- Adaptability and Agility: Since the onset of the Covid pandemic, the charity funding landscape has changed significantly, making every dollar hard won amidst a plethora of other worthy causes. Additionally, attracting and retaining volunteers has become increasingly challenging. To effectively deliver services to our members and benefit Heart Kids as a whole, we need to simplify, streamline, and make fundraising and volunteer support cost-effective.
- Consultation Feedback: These proposed changes address the themes and ideas provided by the majority of individuals who participated in the consultation process as ways to improve Heart Kids.

Next steps

- The proposed new structure for Heart Kids will be presented by the Board at the AGM on Saturday 17 May, 3–4pm. Members will be able to ask questions on the proposal. Due to time constraints, questions submitted prior to the meeting will be prioritised.
- A Special General Meeting will be held on Saturday 31 May at 2pm to ask members to adopt the recommendation.