

TRUST BOARD
25th June 2015

TITLE	Minutes of the Charitable Funds Committee meeting held on 19th March 2015
EXECUTIVE SUMMARY	<p>The attached are minutes of the Charitable Funds Committee meeting held on 19th March 2015.</p> <p>The main points considered were: -</p> <ul style="list-style-type: none"> • Quarterly Accounts to 31st December 2014 – reviewed and noted the latest quarterly position with respect to the funds; • Funds Framework– reviewed the structure of the current funds held and agreed to provide consolidated information at Divisional level going forward; • Fundraising – discussed the issue of fundraising and whether a dedicated fundraising post was required; and • Investment Portfolio – reviewed a presentation from Barclays Wealth on the performance of the investment portfolio and discussed a structured disinvestment from the portfolio to release some cash to fund future spending plans.
BOARD ASSURANCE (Risk) / IMPLICATIONS	The Board is assured by the scrutiny provided by the Charitable Funds Committee on matters relating to the Charitable Fund of which the Trust Board is Trustee.
ALIGN TO TRUST RISK REGISTER	Aligns to the monitoring of risks of the Charitable fund in respect of reputational risk and investment risk.
STAKEHOLDER / PATIENT IMPACT AND VIEWS	The Charity relies on donations from members of the public and the Charity has a duty to spend in accordance with its purpose.
EQUALITY AND DIVERSITY ISSUES	None that we are aware of.
LEGAL ISSUES	Compliance with Charity Commission regulations.
The Trust Board is asked to:	Note the minutes of the Charitable Funds Committee meeting held on 19 th March 2015.
Submitted by:	Carolyn Simons, Non-Executive Director/Committee Chair Paul Doyle, Deputy Director of Finance
Date:	18 th June 2015
Decision:	For Noting

TRUST BOARDDate: 25th June 2015**Title: Minutes of the Charitable Funds Committee Meeting held on
19th March 2015**

PRESENT:	Ms. Carolyn Simons Mr. Philip Beesley Mr. Simon Marshall Ms. Heather Caudle	Non-Executive Director and Committee Chair Non-Executive Director Director of Finance and Information Chief Nurse
IN ATTENDANCE:	Mr. Paul Doyle Mr. Richard Docketty Mr. Keith Bradley Mr. Wayne Hawkes	Deputy Director of Finance Governor Governor Barclays (for agenda item 7 only)
SECRETARY:	Ms. Miriam Bateson	Head of Financial Services
APOLOGIES:	Ms. Aileen McLeish	Chairman

1. Apologies for Absence

Apologies are as listed above.

2. Minutes of Previous MeetingMinutes of the Meeting held on 18th December 2014

The minutes of the meeting held on 18th December 2014 were approved.

3. Matters Arising – Action List

The Committee reviewed the Actions List and noted that all three items would be discussed later on the agenda.

4. Charitable Fund Accounts4.1 Accounts to 31st December 2014

The Deputy Director of Finance presented the Charitable Fund Accounts for the nine months ended 31st December 2014 which showed net outgoing resources of £60k offset by £61k of unrealised gains on investments, resulting in a net increase in fund balances of £1k.

The Committee began to discuss whether legacies were actively sought and other ways of encouraging donations and it was agreed to move on to the next agenda items regarding a Charitable Funds Framework and a Fundraising post before continuing the discussion as these were key to agreeing the future use and management of the funds.

The Committee noted the quarterly accounts.

4.2 Costs of Managing the Fund

The Deputy Director of Finance presented a paper reviewing the methodology for the calculation of the charges made by the Trust for servicing the Charitable funds. This follows the recommendation made by KPMG following the completion of their audit of the 2013/14 annual report and accounts that the current methodology of charging 5% of donations and legacy income received in year should be amended to more accurately reflect the actual costs.

Following discussion it was agreed that the charge should remain at 5% but be capped at the true cost of time spent by both Finance and Procurement staff. The Committee agreed that the cost of time spent by fundholders should not be taken into consideration.

The Committee noted the report.

5. Draft Charitable Funds Framework

The Deputy Director of Finance presented a paper for initial discussion setting out what the funds might look like if consolidated into a Divisional structure with annual spending mandated at 20%.

The Committee agreed that a Divisional approach was the right one to take in order to improve accountability and address the current issues around management, visibility, and unnecessary retention of Charitable funds.

The Committee began to discuss and look for clarification on what the Charitable funds should or could be spent on but it was agreed that this was the next stage following agreement of the new fund structure. It was agreed that a paper would be brought to the next meeting proposing a set of Charitable fund "rules" and guidance.

PD

The Committee noted the report.

6. Fundraising

6.1 Fundraising Post

The Director of Finance and Information opened a discussion on the Fundraising Post which was put on hold at the last Committee meeting pending the outcome of the Competitions and Mergers Authority (CMA) phase 1 assessment of the Trust's merger proposals.

The Committee agreed that the Trust should now proceed with recruitment of a fundraiser on a fixed term basis and that this would be at least a band 7 but may need to extend as high as an 8D. Whatever the banding there was a clear need to ensure that the income generation expectations for the post were defined and that the appointee had the ability to understand NHS mentalities. There was further discussion on the expectations and banding of the post given the need to re-structure the funds and work on changing people's perceptions of how they should be used. However, it was agreed that there were already people within the Trust who had the skills and drive to focus on achieving this and therefore the fundraising post should be able to focus exclusively on fundraising.

PD/SM

6.2 Fundraising for A&E

The Director of Finance and Information gave an update on the possible A&E fundraising opportunity discussed at previous meetings. The Committee were informed that there was currently uncertainty as to whether a large scale investment in this area was the right approach and that there were other avenues to explore before committing to this. A Board discussion and decision was now required.

The Committee noted the update.

7. Barclays Wealth Portfolio Update

The Deputy Director of Finance introduced Wayne Hawkes from Barclays who was attending to give the Committee an update on the Charitable funds investment portfolio.

Firstly, the Director of Finance and Information gave some background information as to the Committee's planned approach to consolidating the existing funds and encouraging spending which was likely to result in a need to access around £500k to £600k in the next three years. Wayne Hawkes advised that the best approach was to take steps to liquidate these funds now and hold them as cash. The Committee agreed that this liquidation should go ahead (£500k) and also agreed that the remainder of the portfolio should be de-risked slightly. Wayne Hawkes said that, for information, he would prepare a proposal document showing the likely impact of these changes on the performance of the portfolio.

WH

The value of the portfolio as at 17th March 2015 was £2,332,756 with a gross yield of 1.9%. Performance over a 5 year period to the end of February 2015 was 7.55%, marginally greater than the peer benchmark of 7.45%. However, performance over the last 12 months is lower than benchmark: 6.9% versus 9.5% due to a conservative positioning in fixed income in order to mitigate potential future capital loss as interest rates rise

The Committee noted the report.

8. KPMG Audit Recommendations

The Deputy Director of Finance presented a report of progress against External Audit recommendations which showed two recommendations outstanding. However, the first of these was discussed at agenda item 4.2 and is now completed. The second recommendation was still outstanding pending agreement of the Charitable Funds Framework.

The Committee noted the report.

9. Risk Register

The Deputy Director of Finance presented the Charity Risk Register which set out the two risks agreed at the December 2014 meeting. No further risks were identified.

The Committee noted the report.

10. Items for Information

There were no items for information.

11. Any Other Business

Although not present, the Chief Executive had asked the Committee to consider how the Trust's Charitable Funds could link in with the League of Friends who, at 31st July 2013, the date of their latest accounts filed with the Charity Commission, had total funds of £729k. Bids were made to the League of Friends on an individual basis but there was a need to understand their intentions for the future.

12. Date and time of Next Meeting

Thursday 18th June 2015, at 4.00pm in Room 3 Chertsey House, St. Peter's Hospital.