

Main Report		Health Board Meeting On 26th January 2017
		AGENDA ITEM: 7 (iii)
Subject	Charitable Funds Committee - summary of key decisions, issues considered and matters requiring Board level consideration	
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A. PURPOSE

The purpose of this report is to provide the board with a summary of the matters discussed by the Charitable Funds Committee when it met on 4th January 2017. The full minutes of the committee meeting are available on request from the Director of Corporate Governance.

B. KEY DECISIONS AND ISSUES CONSIDERED BY THE COMMITTEE:

1) Delivery Unit Update on Charitable Funds Usage – Singleton Services Delivery Unit

A report was received providing an update regarding use of charitable funds in Singleton Services Delivery Unit. The committee heard that there were a number of dormant funds that the unit was encouraging staff to use, and if not, they would be transferred to the general purpose fund. A significant proportion of the unit's general purpose fund had been spent since its last update to the committee and purchases included equipment and training for staff. Funds had also been allocated to replace the beds with trolleys within the assessment unit and to improve the estate within the hospital. Regular meetings were taking place between the unit directors and the various teams to encourage expenditure.

2) Golau Cancer Foundation Update

A report was received providing an update regarding the Golau Cancer Foundation. The committee agreed that a proportion of the Golau charitable fund be used to recruit a fundraising officer. The foundation continued to spend its endowments and department-specific funds had been amalgamated into the overarching Golau fund. The committee felt that more assurance was required as to the vision for the next twelve months and it was agreed that the team would meet with teams from the Director of Strategy and interim Director of Finance to develop a business plan. An update was to be provided in six months.

3) Bids for Funding

(i) Long Service Awards

A bid for funding for long service awards was received. The committee heard that a programme to recognise staff with a minimum of 25 years' service within the health board and its predecessor organisations had been developed. During the first year, around 2,500 staff needed to be recognised in order to celebrate everyone who had already reached the milestone. This would reduce to 250 in future years. The committee raised a concern that in order to address the backlog, 10 events would be

required over two months, and given the current financial position, it would not be advisable to hold all of these in the next financial year. It agreed to match-fund the monies for the programme with the units, providing that the events for the 2,500 staff were divided over two years.

(ii) Work Experience and Widening Access Pilot

A bid for funding for a work experience and widening access pilot was received. The aim of the pilot was to have a fixed-term appointment through charitable funds to establish links with secondary schools and colleges to provide work experience opportunities for students. The trial would identify whether having such a role would improve the workforce position. The committee felt that such an initiative should be a part of the human resources strategy and declined the bid.

(iii) Calon

A bid for funding for Calon was received. The committee heard that the group had been established to provide a support network to lesbian, gay, bisexual and transgender members of staff. The funding would be used for membership to 'Stonewall' which would be able to provide support and training opportunities for the Calon officers. In addition the monies would reimburse departments for the time spent by the officers undertaking Calon activities as well as enable IT equipment to be purchased. The committee agreed to provide £4,000 of funding, subject to clarification as to the status of Calon.

4) Bids for Funding

(i) Laurels and Briary Music Therapy Sessions

A bid for funding for music therapy sessions at the Laurels and Briary was received and approved.

(ii) Learning Disabilities Community Project

A bid for funding for a learning disabilities community project was received and approved, subject to the project being extended to all members of the local community with learning disabilities as opposed to inpatients only.

5) Finance Report for Charitable Funds

A report was received outlining the charitable funds position for the period ending 30th September 2016. It was noted that between April and September 2016, a total income had been received of £1,171,001, leaving a centrally held balance of £1,586,119 and a ratio of fund balance to expenditure of 4.31, which was outside of the reserves policy. A significant number of legacies had been received during the period, the largest for the paediatric unit at Princess of Wales Hospital. The committee agreed that going forward, when fund managers were advised of an incoming legacy, they would be required to provide an expenditure plan.

6) Investment Management Report

The investment management report to 30th September 2016 was received. The committee heard that the value of the investment portfolio had risen to £6.5m and it agreed to release £250,000 of its unrealised gains to increase the balance of its general purpose fund. Going forward, it agreed it would determine a percentage of its unrealised gains to release each year to increase the monies at its own disposal.

7) Delegated Funds Income and Expenditure

A report was received outlining the delegated funds income and expenditure for the period ending 30th September 2016. The committee heard that donations had reduced in the first six months of the year, which was a continuing trend. Expenditure had increased slightly, with Princess of Wales Hospital and Mental Health and Learning Disabilities units spending a significant amount of their general purpose funds. It was noted that the value of donations received for the period 1st April 2016 to 30th September 2016 amounted to £419,475, paid into 151 of the delegated funds held, representing 37% of the total funds. Expenditure for the same period amounted to £819,138 from 147 funds, which represented 36% of the total funds held.

8) Financial Position of the Charitable Funds Committee Fund

A report was received outlining the financial position of the charitable funds committee fund. The balance of the fund as at 30th September 2016 was £259,928, with a number of commitments either recently funded or the funds due to be released imminently. It was forecasted that the financial position of the fund would reduce to £90,000 over the next three years based on current expenditure. The committee discussed a number of options in order to sustain the fund and decided to use a proportion of its unrealised gains each year to increase the fund value. It was agreed £250,000 would be released this year, while a review of the previous five years of unrealised gains was undertaken. This would help a view to be taken as to the percentage of the gains which the committee would access each year. It was also agreed that the situation and the options available would be kept under review and consideration be given to referring unit-specific bids to the committee's general purpose fund back to the relevant unit.

9) Charitable Funds Usage at Morriston Hospital

A report was received outlining charitable funds usage at Morriston Hospital. While the amount of income had reduced, expenditure had increased by 30% but there was still work to be done in this regard. Following a request for expenditure plans from each of the fund managers, 74 out of 160 had been received and this information was to be provided to the unit to enable management to take forward the issue with the fund managers from those outstanding. It was agreed that consultant fund managers who had not yet submitted expenditure plans be invited to the next meeting of the committee as part of the unit's regular update.

10) Charitable Funds Committee Work Plan

A report providing an update on the Charitable Funds Committee work plan was received and noted.

11) Charitable Funds Cash Position

A report was received outlining the charitable funds cash position. As at November 2015, the cash balance stood at £1.149m and reduced in the following months to a low of £0.692m in June 2016 before increasing to its balance of £1.053m in October 2016. The fluctuations related to legacies. In addition, an investment of £500,000 had been made into a fixed-term interest-bearing account which had matured in December 2016. It was agreed that this be re-invested in a six-month fixed-term deposit account as well as an option explored with Lloyds Bank as to how an overnight investment could increase the level of interest earned.

12) Expenditure Model to Reduce Level of Charitable Funds Balances

A report was received outlining options to reduce the level of charitable funds balances in-line with the reserves policy. A 50% increase in expenditure was

required to reduce the balance to one-to-two and half years, even if the unrealised gains of the investment portfolio were excluded from the balance. A number of options were considered as to how to increase spending of funds including changing the way in which legacies are spent and adopting a 'use it or lose it' approach to delegated funds. The committee agreed that the issue of outstanding expenditure plans for funds would be raised during the quarterly performance reviews with the units and that the relevant teams be encouraged to support the application process for bids to simplify the process for fund managers. In addition, any equipment requests made to the discretionary capital budget would be returned for managers to consider whether charitable funds could be used instead.

13) Action Plan to Address the Issues Raised in the Wales Audit Office Report

A report was received detailing the action plan to address the recommendations in the Wales Audit Office review of the annual accounts. The committee heard that work was ongoing to address all of the recommendations prior to a return visit from Wales Audit Office in June 2017. It was agreed that the committee would receive an update regarding progress in advance of the visit.

14) Review of the Charitable Funds Financial Control Procedure

A report was received outlining the review of the charitable funds financial control procedure. A number of amendments had been made to the procedure (summarised at **appendix 1**), including changes to the delegated limits to sign-off charitable funds requests. The committee approved the changes, subject to the requirement to spend funds in a 'reasonable time' being amended to 'twelve months'.

15) Future Legacies

A report was received outlining future legacies. This noted that by December 2016, £639,372 had been received in legacies during this financial year, some of which were shares in residual estates.

16) Proposal for the Future Tendering of Investment Management Services

A report was received outlining the proposal for the tendering of investment management services, which the committee approved. It was hoped that the process would be completed by September 2017.

17) New Fund Approvals

A report was received outlining four new fund approvals. It was agreed that future iterations of the report would include the balance of new funds as well as details as to how and when the money would be spent.

18) Closed Fund Approvals

A report outlining four closed fund approvals was received and noted.

C. MATTERS REQUIRING BOARD LEVEL CONSIDERATION / APPROVAL

The chair of the Charitable Funds Committee wishes to draw the following matters to the attention of the board:

For noting:

- The agreement for the Golau Cancer Foundation team to meet with the members of the Director of Strategy and interim Director of Finance's team to develop a business plan (point two);

- The decision to release a proportion of unrealised gains each year to maintain the committee's general purpose fund (point six);
- The re-investment of £500,000 into a six-month fixed-term deposit account (point 12).

For approval:

- The approval of the amendments to the charitable funds financial control procedure (point 14 and **appendix 1**).

D. RECOMMENDATION

The board is asked to note the issues set out in this report.

Financial Control Procedure 20 Funds Held on Trust – Summary of Key Changes

Paragraph No	Change Made to Procedure
1.4	Insertion of paragraph to clarify what constitutes Charitable Income as some Fund Managers are trying to route non charitable income through Charitable Funds such as training courses being run by their departments.
3.1.2	Amended to reinforce the requirement that all correspondence relating to legacies must be dealt with by the Director of Finance as per Standing Financial Instructions following 2 instances where departments have dealt with legacies directly.
6.2.7	The following sentence inserted into the Fund Manager's responsibilities- "to ensure that funds are spent within a reasonable time of receipt and for submitting expenditure plans for their funds when requested."
6.4.1	Additional requirements added to ensure that when expenditure request forms are sent to Finance for approval that evidence of compliance with procurement rules and a VAT exemption certificate where appropriate are provided with the expenditure request form.
6.4.9	New paragraph inserted making it clear that expenditure must not be incurred in excess of the approved sum on the expenditure request form and that Procurement must not place an order if this is the case and Accounts Payable must not process any non purchase order invoices if this is the case.
6.6.5	Amendments to delegated expenditure levels. Previous Limits Fund Manager up to £2,500 Fund Manager & Directorate Manager £2,501- £10,000 Fund Manager, Directorate Manager & DOF/CEO £10,001 - £50,000 Charitable Funds Committee over £50,000 New Limits Fund Manager up to £10,000 Fund Manager & Directorate Manager £10,001 - £25,000 Fund Manager, Directorate Manager & DOF/CEO £25,001 - £50,000 Charitable Funds Committee over £50,000
6.7.1	Clarification and reinforcement of the requirements for procurement where expenditure exceeds £5,000
7.1.3	Clarification provided that it is the responsibility of the Fund Manager to complete a VAT exemption certificate where appropriate
9.2	Clarification provided regarding the use of the ABMU Health Board Charity Lotteries licence confirming that it does not cover Health Board staff holding raffles for other charities.

9.2 and 9.3	Change of responsibility for maintaining a database for raffles and lotteries and for completing the annual return from the Golau Fundraising Manager to the Head of Accounting in Finance
9.6	Clarification provided of the process to be followed in accounting for the cash proceeds from raffles, distinguishing between raffles held to raise funds for the Charitable Fund and raffles held to buy presents for patients at Christmas
Appendix 4 Expenditure Request Form	<p>Amount requested box amended to require the requestor to specify the item amount, VAT amount and total amount to ensure that VAT is always taken account of in the amount requested</p> <p>Additional requirement in the Certification by Fund Manager box to require evidence of compliance with procurement rules and the submission of a VAT exemption certificate where appropriate.</p> <p>Method of payment box – internal transfer option added</p> <p>Authorisation limits amended as per above</p>
Appendix 5 Procurement Requirements	New appendix added to provide details of the procurement requirements for the purchase of items from Charitable Funds
Appendix 6 Expenditure Flowchart	New appendix added to explain in a flowchart the process for committing expenditure from Charitable Funds
Appendix 7 and Appendix 8	Previously a single form – now split into 2 forms – the first to apply to undertake a raffle and the second to be returned on completion of the raffle. Appendix 7 also amended to ensure that any cash proceeds from raffles used to buy presents for patients at Christmas and not paid into a Charitable Fund are correctly recorded.