

BRADFORD HOSPITALS' CHARITABLE FUNDS COMMITTEE MEETING

Date:	Thursday 11 th July 2019	Time:	09:30 – 10:30
Venue:	Conference Room, Field House, BRI	Chair:	Dr Maxwell Mclean, Chairman
Present:	<p>Non-Executive Directors:</p> <ul style="list-style-type: none"> - Dr Maxwell Mclean, Chairman (MM) - Ms Trudy Feaster-Gee, Non-Executive Director (TF-G) <p>Executive Directors:</p> <ul style="list-style-type: none"> - Ms Karen Dawber, Chief Nurse (KD) - Mr John Holden, Director of Strategy and Integration (JH) - Mr Michael Quinlan, Deputy Director of Finance (MQ) - Mr Matthew Horner, Director of Finance (MH) 		
In Attendance:	<ul style="list-style-type: none"> - Mrs Sehra Hassan, Minute Taker (SH) - Ms Tanya Claridge, Director of Governance and Corporate Affairs (TC) - 		

No.	Agenda Item	Action
C.7.19.1	Apologies for Absence. No apologies were received.	
C.7.19.2	Declare conflict of interests. There were no declarations of interest to note.	
C.7.19.3	Minutes of the meeting held on 7 March 2019. The minutes were accepted as an accurate record of the meeting.	
C.7.19.4	Matters arising The Committee confirmed that the following actions were closed: C.3.19.5 - BHC Investment Advisors – action concluded C.3.19.8 - BHC 5 Year Financial Plan – added to the agenda C.3.19.13 - Any other business – added to the agenda	
C.7.19.5	BHC Financial Information MQ presented the financial information pack to the Committee which highlights the financial performance from the 1 st Feb 2019 to 31 st March 2019. £2.3 million is the total value of the funds and £346k was received in charitable donations and which £551k was spent on charitable purposes. The Charity has £2.5m cash in the bank, which is a slight reduction from last financial year and this is due to the charitable expenditure the Trust has incurred throughout the year. The cash flow statements indicates what the cash balance has been	

	<p>throughout the year, £3.2 million for period 1 and then moving to £2.5 million in period 12. The largest charitable expenditure was incurred in periods 3, 4 & 5.</p> <p>Previously the Committee asked for the financial information pack to include a breakdown of staff cost. This has now been included. Overall there has been a slight increase in staff costs due to the recruitment of a band 6 0.5WTEcommunication post. For the year there is £173k for staff cost, which is split between fund raising and finance.</p> <p>MQ commented that the 171 previous funds have now been broken up into four funds, in line with the branding. MQ stated that within the ledger there are still 171 funds and that the finance team will merge the funds into the four funds when the communication has taken place with fundholders.</p> <p>MQ confirmed the following four funds:</p> <p>The sunshine fund value is £1.2m Children Funds value is £194k Cancer Funds value is £195k Dementia Funds value is £31k</p> <p>Other funds value £18k, these are funds which do not match to the other funds within the charity i.e. staff lottery.</p> <p>MQ mentioned that the committee wanted to see how the finances were performing with the fund raising event. There has been two events which were: Raise a smile appeal – £1,400 profit of collector's donation in that appeal, KD mentioned that there were more funds in this appeal but the profit was £1,400. Dragon boat festival – £2,600 was budgeted and we have £10,100 of funds.</p> <p>Those were the two key funds events in the last 6 months.</p> <p>MQ made the committee members aware that as at 29 March 2019, the Charity Commission guidance states that the Trust charity is connected to the NHS Trust. The finance team worked with internal audit on a detailed guidance report and the finance team have the assurance that this committee is in line with Charity Commission guidelines.</p> <p>MH mentioned that there are some developments nationally with regards to rebate rates, where a number of Trusts are exploring, based on the participation of Trusts that were given Charitable status, MQ questioned would that change if Trusts are given a charitable status would they still apply?</p> <p>MQ to research whether the rate rebate project that is ongoing and will this have implications on our Charitable status as a Foundation Trust in relation to the finance liable. (MH to provide wording for this).</p>	Deputy Director of Finance
C.7.19.6	BHC Updated Policies	

	<p>MH mentioned that there were a range of policies. The overall Charity Policy which looks at our operating procedures, roles and responsibilities of individuals in particular the fund holders and the approval process, the paper that has been provided has track changes on it and there is nothing that needs drawing out, just some tidying up of the policy, MQ mentioned that the policy does makes reference to a range of associated policies and those being the expenditure policy, the treasury management and investment policy and the reserves policy.</p> <p>In relation to the reserves policy MH asked the Committee if they are in agreement that a 1 year reserve is sufficient to fund Charity's staff. By reducing the level of reserve from 2.5 years to 1 year brings the level of reserve in line with Charity Commission guidelines, benchmarking data and recommendation by Rathbones. The Committee agreed to reduce the level of reserve from 2.5 years to 1 year.</p> <p>The Treasury management policy – there is very little in terms of changes, recognising that we have employed Rathbones as our advisors Rathbones recommend The Trust has a diversified portfolio with a medium level of risk.</p> <p>The Expenditure policy – provides guidance for the Trust on what we can and cannot spend the charitable funds on.</p> <p>TFG asked if the treasury policy could highlight that the Charity does not directly or indirectly wish to invest in companies that trade in tobacco etc. MH also mentioned that we can have a discussion with Rathbones to explore how the Charity can monitor direct and indirect investments and amend the policy.</p> <p>The committee agreed that MH will make the proposed changes to the policies and the policies were agreed.</p>	Director of Finance
C.7.19.7	<p>BHC Unaudited annual report and accounts 2018/19</p> <p>MQ informed the Committee that this is in line with the financial reporting standards FRS 102. MQ produced the draft set of annual accounts which were shared with the committee. The annual accounts will go to Deloitte and the Charitable Funds Committee asked for these to be audited at the end of July and these will be presented to the Charity Commission in November 2019. It was suggested that if there are any comments then please forward them to MQ, the committee agreed there were no further comments.</p> <p>MQ informed the committee of the following process</p> <ul style="list-style-type: none"> • 29th July draft set of accounts to Deloitte to be audited • Accounts to be presented to Charitable Funds Committee in November 2019 • Present to Audit and Assurance Committee to review • Board of Directors to review accounts in Jan 2020 • Submit to Charity Commission on 31st January 2020. 	

C.7.19.8

Investments Update

MQ mentioned that Rathbones attended the last committee and presented an outline plan of what the Charity could do with the surplus cash. The Committee delegated TFG, KD and MH to go through the procurement process and engage with Rathbones to agree the strategy, risk and timeframe.

MQ referred to the paper that was circulated to the committee this refers to the process and what decisions the group have agreed in terms of surplus funds. The five year plan has been looked at and it has been decided that £1.5 million of surplus cash can be potentially invested with Rathbones for year 1, in year 2, 3, 4 and 5 it was recommended to increase the investment to £1.5m, depending on how the Fund raising team generated donations.

Rathbones have asked about the risk profile review and MQ referred back to the paper which indicates risk split in the lower range and upper range, between lower risk, medium risk and higher risk and this is how Rathbones understands our attitude towards risk. Most members were asked to complete a questionnaire for Rathbones and the results came back to 17 and 18 which has been highlighted in the document and this indicates to Rathbones in terms of risk, the committee is happy to look at the lower range of medium risk and this tells Rathbones where to invest the surplus funds of £1.5 million. Rathbones are advising that we should look at 15% in diversifiers, 20% in liquidity and 65% in Equity.

Rathbones are also advising if we transfer £1.5 million to Rathbones, they will not invest the money straight away, as they will need to consider Brexit and the market and enter the shares when they feel it is appropriate, it could be up to 12 months to construct the portfolio.

MQ asked the Committee to agree the following recommendations:

- Approve the investment policy,
- Approve the reserve policy
- Approval of the level of investment £1.5 million
- Approval of using Rathbones Investment Management as investment advisers/managers and associated costs
- Approval for the risk profile review (lower range, of medium risk Profile)
- Approve asset allocation (15% diversifiers. 20% liquidity, 65% equity)

A lengthy discussion took place on the overall length of the investment period and the way we might communicate challenges based on our risk, MQ informed the committee that the Charity Commission recommends that we review the investment advisors advice which Rathbones have provided. MQ also mentioned that the paper does not state we will only invest for 5 years and MQ recommendation is that, we invest longer term and indicate that after 5 years.

It was agreed to arrange another meeting with Rathbones to discuss the final position with regards to the investment period and to arrange for an extraordinary Charitable Funds Committee.

The committee deferred the 6 recommendations due to the level of

	<p>concerns raised by committee members and a further discussion with Rathbones.</p> <p>MH to draft together a schedule of key questions to put forward to Rathbones and circulate the questions to the committee members, ahead of the meeting with Rathbones.</p> <p>MQ also mentioned that £230,000 was not invested in Stocks and Shares from the Endowment Funds, the Committee agreed to invest that money. A letter has been received from the Trustees confirming that the money has not been invested, MQ informed the Committee that the money cannot be spent and can only be invested. MQ recommended that the money is to be invested with Rathbones in Equity.</p> <p>The committee agreed to approve the £230,000 from the Endowment funds into Equity, providing a conversation takes place with funders so that they are aware of the financial implications.</p>	Director of Finance
C.7.19.9	<p>Operational Sub Committee Report</p> <p>KD informed the committee that the Operational Committee has met on two occasions and discussed finances and reviewed the dashboard. Communication has been very active and this has also been done through social media. A request came to the operational committee for a cycle compound and the request was for £70 thousand, the committee did not approve this proposal and it was discussed whether there was other funds available i.e. Cycle GB, local council etc. The committee agreed they could possibly fund up to £15 thousand towards the cost but not £70 thousand.</p>	
C.7.19.10	<p>BHC 5 year financial plan</p> <p>MQ provided the committee with an update on the 5 year financial plan.</p> <p>The plan has gone through the operational committee and they have had sight of the plan and the operational committee are happy with the figures in the 5 year plan.</p> <p>The paper proposes for the next 5 years, to have an income target of £385 thousand on core activities and this is excluding any appeals, this also includes £125 thousand of additional income for appeals and fund raising events. This also includes and investment income of £19 thousand subject to investing with Rathbones.</p> <p>Benchmarking has been carried out with Association of NHS Charities some income opportunities which has not been put in the financial plan and there are some areas that need to be looked at especially around grants, commissioning in memory of a legacy, these are areas for potentially grow income, above what is in the financial plan.</p> <p>MQ asked the Charitable Funds committee to:</p> <ul style="list-style-type: none"> • Approve the proposed 5 year plan; • Note the finding of the risk assessment; and • Note and consider the further opportunities that the Charitable 	

	<p>Funds Committee may want to explore in more detail.</p> <p>The Charitable Funds Committee approved the 5 year financial plan with the recommendation that we improve our fund raising.</p>	
C.7.19.11	<p>Any other business</p> <p>No other business discussed.</p>	
C.7.19.12	<p>Date and time of next meeting.</p> <p>7th November 2019, 8.30 – 9.30, Conference Room, Fieldhouse.</p>	

ACTIONS FROM BRADFORD HOSPITALS CHARITY COMMITTEE MEETING 8 November 2018

Date	Agenda Item	Required Action	Lead	Timescale	Comments/Progress
11.07.2019	C.7.19.5	BHC Financial Information MQ to research whether the rate rebate project that is ongoing will have implications on our Charitable status as a Foundation Trust in relation to the finance liable. (MH to provide wording for this)	Deputy Director of Finance	November 2019	
11.07.2019	C.7.19.6	BHC Updated Policies – Investment Policy MH to update the Investment Policy to mitigate the risk of unethical direct and indirect investments.	Director of Finance	November 2019	Please note in relation this action point the policy now says : <i>“BHC will not invest directly in companies which are primarily involved in the production of alcohol, tobacco or armaments. The investment manager is encouraged to monitor the collective investments held, in so far as is practicable, such that any indirect exposure in these areas is minimised.”</i>
11.07.2019	C.7.19.8	Investments Update MH to arrange a meeting with Rathbones to discuss the final position with regards to the investment period and to arrange for an extraordinary Charitable Funds Committee	Director of Finance	November 2019	<i>The meeting took place on the 10th of September 2019</i>