

**CHARITABLE FUNDS COMMITTEE MINUTES****Venue:** Meeting held via WebEx **Date:** Thursday, 14<sup>th</sup> May 2020, 10:00 – 11:30**Members Present:**

Mr W Zaffar, Non-Executive Director & Chair (WZ)  
 Mr T Lewis, Chief Executive (TL)  
 Mrs D McLannahan, Chief Finance Officer (DMc)  
 Mr R Samuda, Trust Chair (RS)  
 Mrs P Gardner, Chief Nurse (PG)

**In attendance:**

Ms R Wilkin, Dir. of Communications (RW)  
 Mr J Shah, Head of Trust Charity (JS)  
 Mr C Higgins, Assoc. Finance Director (CH)  
 Mrs R Biran, Assoc. Director of Corporate Governance (RBi)

**Apologies:**

Mr M Lavery, Non-Executive Director (ML)

<b>1. Introductions</b> [for the purpose of voice recording].	<b>Verbal</b>
The Committee members introduced themselves for the purpose of the meeting recording.	
<b>2. Apologies for absence and declarations of interest</b>	<b>Verbal</b>
<ul style="list-style-type: none"> <li>Apologies were assumed from Mick Lavery.</li> <li>There were no changes to the declaration of interests.</li> </ul>	
<b>3. Minutes of the previous meeting, held on 13<sup>th</sup> February 2020</b>	<b>SWBCF (05/20) 001</b>
<p>The minutes of the previous meeting held on 13<sup>th</sup> February 2020 were reviewed and the following amendment was made:</p> <ul style="list-style-type: none"> <li>PG 2, Item 5, Finances - the word '<i>chancery</i>' to be changed to '<i>charity</i>'.</li> </ul> <p>The minutes were <b>ACCEPTED</b> as a true and accurate record of the meeting, subject to the amendment.</p>	
<b>4. Action log and matters rising from previous meeting</b>	<b>SWBCF (05/20) 002</b>
<p>WZ reported that the actions arising from the previous meeting were either on the agenda or had been completed. There was one update as follows:</p> <ul style="list-style-type: none"> <li><i>Action item: (11/19) 002 Approach potential representatives for the Naming Sub-Committee membership.</i></li> </ul> <p>RW reported that two or three areas were ready for consideration. Naming of areas of</p>	

Midland Met and the fundraising campaign would be relevant for Committee Consideration.

- RW confirmed that a list of potential areas had been proposed for naming. Signature donations might be considered for some areas such as the Winter garden and the gallery space for example. However, RW stated that not every significant donor had asked for [naming] recognition, but potential areas had been identified as appropriate.
- RW commented that there was some debate about naming among individual donors. Smaller donors requesting naming recognition for large areas for example, had been turned down.
- WZ queried whether the list of naming opportunities had been shared with potential donors. RW stated that it depended on the nature of discussions and was considered on an individual basis.
- It was confirmed that naming rights only accompanied large donations. TL queried the amount that would be considered 'large'. RW stated that a schedule of indicative values for areas had previously been circulated. RW reported that discussions had taken place about recognising wider donations in etched glass artwork.

**DISCUSSION ITEMS**

**5. Approval of Brewin Dolphin authority to act**

**SWBCF (05/20) 003**

DMc reminded the Committee that the appointment of Brewin Dolphin [as the Charity's investment managers] had been agreed, subject to satisfactory references following a tender process earlier in 2020. DMc reported that satisfactory references had been received from Leicester and Worcestershire Healthcare Trusts and the process was now underway to formally engage with Brewin Dolphin and commence the transfer of investment funds from Barclays.

DMc referred Committee members to the paper, which set out how the practicalities of the future relationship with Brewin Dolphin. This included an expectation that the company would regularly attend the Charitable Funds Committee meetings to provide updates on progress of the investment portfolio.

DMc reported that the Committee was being asked for delegated authority to act on two levels:

- For the Chief Financial Officer to be appointed as the official correspondent and signatory. The Chief Executive, Trust Chair and Charitable Funds Committee Chair to act as additional signatories where required. Authority to act on investment decisions required two signatories.
- Associate Director of Finance and the Head of Trust Charity to act as administrators on the account. They would not act as signatories.

DMc reported that this would be in line with the tender specification issued by the Trust in its terms of engagement with Brewin Dolphin around management of the investment funds. This was with reference to the Trust's investment policy as approved by the Charitable Funds Committee in November 2019.

The risk attitude adopted would be the fourth out of six levels provided. The level would be 'moderate to moderate-high' which had been deemed the minimum risk required to generate the desired level of income, whilst preserving the capital value which was one of the Trust's key objectives.

TL expressed the view that attendance by Brewin Dolphin at Committee meetings would not be a good use of the Committee's time and suggested briefing by written report or pre-meetings. TL

stated that agreeing the risk level was for the Committee to decide.

TL further stated that he would like to see a formal proposal as to why the fourth level of risk had been chosen over other levels. RS reported that details about the risk level had been included in the bid and suggested it be represented.

DMc commented that the Trust was looking for a deeper and more regular dialogue with Brewin Dolphin than it had enjoyed with Barclays.

WZ acknowledged that dialogue with Barclays had been inconsistent. The Committee **AGREED** the recommendations for delegated authority.

## 6. Timetable for Annual Reports & accounts

SWBCF (05/20) 004

RW reported that one of the main uses of this year's Annual Report was as a piece of collateral for the 'We are Metropolitan' campaign.

The timetable had set out a delayed schedule for external publication in September with a draft for review by the August Charitable Funds Committee and the August Trust Board meeting.

RW confirmed that a summary could be included in the Trust's annual report for presentation at the AGM agenda.

WZ extended the Committee's thanks to Charity staff for the work they had been doing during the pandemic.

**Action:** Draft Charity Annual Report to be ready for review in August.

## 7. Finance

SWBCF (05/20) 005

- 19/20 Finance Report and 20/21 Financial Plan
- Revised cashflow forecast (including Midland Met)
- Asset Base review

DMc stated that there were three elements of the Finance Report as follows:

### **1. The Month 12 Finance Report**

The Income and Expenditure (I&E) summary had shown a small surplus of £220k, driven mainly by a large underspend against the expenditure target of £2.1m. The budgeted deficit for 19/20 was £980k. There had been little under recovery against income and grant income was expected from the World of Work (WoW) project in the next financial year.

The year-end balance sheet value would be just over £5.4m which represented a very small movement on the opening balance sheet.

There had been a drop in the value of investments to around £3.6m at the 31<sup>st</sup> March 2020.

### **2. Cashflow forecast**

DMc reminded the Committee of the impact on cash balances of the upfront expenditure in relation to Midland Met with income being recovered at a later date. A cash recovered plan was required and referred the Committee to the modelled actions in the paper. There was almost £1m planned deficit in 20/21 and £1.5m in 21/22, followed by small surpluses

DMc reported that it was worth noting that only £1.6m of Midland Met income could be seen in the timeframe. In theory, if the expenditure was going to be matched by the income, a further £722k would be expected after the time period shown in the table.

DMc stated that the Recovery Plan assumed an increase of income of £200k per annum and the Trust would need to be confident this would happen. It would also involve restricting Charitable expenditure to £800k.

DMc reported that the Charity currently had a Trust creditor of £1.3m and an option was to pay off

the creditor over five years.

DMc stated that, if the Committee accepted the Recovery Plan, the finance team would be tasked with refreshing the I&E plans for 20/21 and 21/22 in detail, to reflect the impact of the pandemic and to ensure robust income plans, cash recovery, expenditure plans and a review of the Charity's running costs.

TL queried the opening cash balance. DMc stated it would be £3m (£3.079) for this year. TL challenged that if the plan had been to repair the cash balance, this sum did not tally with the Plan's £2.238m number. DMc responded that the aim had been to repair the cash balance to pre-Midland Met levels using the £2.6m cash balance of 1<sup>st</sup> April 2019 when Midland Met I&E commenced. DMc confirmed that this was around £400k short. The repayment of the Trust creditor could be adjusted accordingly.

DMc reported that the Trust creditor had been £900k in 2019, a sum which had increased by around £300k. DMc commented that there may be an opportunity to improve its administration because it was large for the size of the Charity.

DMc suggested adjusting the cash recovery plan to get back to a closing 24/25 cash balance of £2.6m which would be the same as it was on 1<sup>st</sup> April 2019, reducing the payments to the Trust creditor to a more acceptable level.

In response to a query from RS, DMc reported that the £200k increase of income would represent a stretch on the current Income Plan. DMc suggested that the core income plan for the next two years be reviewed at the next Committee meeting. TL commented that there should be only one Income Plan.

JS commented that, in the current 20/21 financial year, the Trust had received unexpected grant monies for COVID-19 support which would contribute to the £200k target.

RW expressed the view that the Trust's £85k trading income opportunity should be maximised. Greater trading above £85k would require a different charity vehicle.

TL confirmed that a paper on strategic options would be considered by a future Committee meeting and for I&E to be further scrutinised. TL commented that contingency plans needed to be put in place in case targets were missed.

### **3. Asset Base review**

DMc reported that the best source of information was an annual return carried out by most charities.

DMc reported that she had chosen the quality account peer group for comparison which included the Royal Wolverhampton. The Trust showed a consistent Asset Base size of around £5,488 (£5.5m) in total.

DMc reported that potentially the Trust was too big in the context of being able to run down the asset base size and the Midland Met Campaign and how it compared to other charities of the same size, and whether the Trust was missing out on income from grants. DMc reported that it had been a useful exercise which would be used in the future to inform strategy.

RW reported that grants were hugely variable in terms of criteria. There was a sense that some grants were aimed at charities smaller than the Trust's. Increasingly, funders wanted more match funding. RW stated that it was difficult to be certain that getting the asset base under £5m would open-up opportunities.

TL stated that it appeared that the Trust charity was not as good at raising income compared to others. DMc stated that this was correct and suggested the Trust undertake a benchmarking exercise of itself against others to discover improvement opportunities.

**Action:** DMC to present a Finance Report to include contingency plans for missed targets (Midland Met & the Charity) for sign off at the next Committee meeting.

**Action:** Trust to undertake a benchmarking exercise [re income generation] of itself against others to discover improvement opportunities.

#### 8. NHS Charities Together – spend plan proposal

SWBCF (05/20) 006

JS reported that one of the positives from the pandemic period had been the public response to supporting the NHS charity sector with more that £100m raised to date, led by NHS Charities Together (previously known as the Association of NHS Charities).

JS reported that the Trust's charity had been a member for several years and had played an active role in setting up and Charing the regional group of members.

The association had a three-stage grant programme and the Trust's charity had received £84k to date in stage one of the programmes.

JS stated that the core decision about where to spend the money lay with the Charitable Funds Committee. Ten areas had been highlighted in the spend plan proposal which totalled £79k with £5k already spent on the Wellbeing Packs.

JS reported that he had received feedback from a doctor working with a blind, Sudanese refugee on D21 & D27. There had been no way for the patient to contact his family and he had requested more support around communication devices (smartphones/iPads). This was in the list of recommendations.

RW added that there were potentially two more rounds of significant funding opportunity and these were worth considering because the focus was very aligned with the Trust's strategic priorities.

RS queried the application process. JS commented that future awards were dependant on the quality of monitoring and evaluation reports. No match funding was expected.

TL commented that it would be important to understand the risk of funds being diverted to the NHS rather than going to external charities.

RW stated that people had been donating very extensively but funds had been diverted to areas of community need. RW stated that donations to the NHS needed to be used in areas that would meet the expectations of the donor.

RW further expressed the view that the focus of the second (integrated care) and third (restoration and recovery) grant rounds, offered more scope for the Trust to support the community.

TL commented that funds ought to be spent on providing additionality rather than on items which the Trust should have already. WZ agreed.

#### 9. Midland Metropolitan University fundraising campaign progress

SWBCF (05/20) 007

RW updated the Committee on the positive fundraising event which had taken place in March 2020. Pledges had exceeded what had been planned.

Work had not stopped on the Campaign, however, RW stated that it was recognised that some momentum had been lost. RW expressed the view that the Trust should pull back on the aggressive promotion of the campaign until September to consider the impact of the pandemic, bearing in mind the huge donations to the NHS during the crisis.

WZ queried whether the Campaign strategy was aligned with the general MMUH communications campaign. RW reported that celebrations were planned around the clear milestones around the build over the next couple of years.

TL commented that good progress had been made and expressed the view that it was exciting to

have £1.2/1.3m already raised on the way to £2.5m. TL expressed the view that September was a good time to restart promotion and suggested it be tied in with the Masterplan publicity and other positive changes such as cycling.  
 WZ clarified that the Council had announced the creation of a new segregated cycle lane from the City Centre to the City Hospital and MMUH by 2022.  
 In response to a query from DMc, RW confirmed that the £1.3m in the paper had been received or pledged and was not a prospect but acknowledged there was an element of risk around the receipt of pledges.

<b>10. Grants pipeline</b>	<b>SWBCF (05/20) 008</b>
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RW referred the Committee to the paper and the list of active grants and pipeline opportunities. The volunteer programme had a balance of £29.5k (approx.) and a further £25k had been received from NHS England and therefore, RW stated there was not an immediate concern about this year's funding.  
 RW reported the pandemic had impacted the World of Work (WoW) programme. The cohort had completed its work and volunteering programme with the Trust, but part of the finding relied on them progressing into work and education. Restrictions meant the participants had not been able to visit job centres. RW reported that a meeting would take place with Birmingham City Council to discuss options.

**MATTERS FOR INFORMATION/NOTING**

<b>11. Matters to raise to the Trust Board and Audit &amp; Risk Management Committee</b>	<b>Verbal</b>
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WZ suggested the following Board updates:

- The timetable for the Annual Report and accounts
- NHS Charities' work during the pandemic
- The MMUH fundraising campaign

<b>12. Agenda Items for the next meeting</b>	<b>Verbal</b>
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WZ commented that apart from standard items there were some work/details around finance that would require discussion at the next meeting  
 The accounts would be discussed.  
 More strategic options.

<b>13. Any other business</b>	<b>Verbal</b>
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DMc reported that Sandwell Leisure Trust Board had made plans to make MMUH its designated charity for the foreseeable future. DMc expressed the view there was a good strategic fit with the Leisure Trust which had 11 locations across Sandwell.

**Details of the next meeting:** The next meeting will be held on the 6<sup>th</sup> August 2020 from **15:30 to 17:00**, in Training Room 2, Rowley Regis Hospital.

Signed .....  
 Print .....  
 Date .....

