

CHARITABLE FUNDS COMMITTEE MINUTES

Venue: Meeting held via WebEx **Date:** Thursday, 12th November 2020, 10:00 – 11:30

Members Present:

Waseem Zaffar, Non-Executive Director & Chair (WZ)
 Richard Samuda, Trust Chairman (RS)
 David Carruthers, Medical Director and Acting CEO (DC)
 Dinah McLannahan, Chief Finance Officer (KF)

In attendance:

Ruth Wilkin, Director of Communications (RW)
 Johnny Shah, Head of Trust Charity (JS)
 Craig Higgins, Associated Director of Finance (CH)
 Bill Devitt, Grant Thornton (BD)

Apologies:

Mick Lavery, Non-Executive Director (ML)
 Toby Lewis, Chief Executive Officer (TL)

1. Introductions [for the purpose of voice recording].	Verbal
WZ welcomed Committee members, who introduced themselves for the purpose of the meeting's recording.	
2. Apologies for absence and declarations of interest	Verbal
<ul style="list-style-type: none"> • Apologies were noted from Mick Lavery and Toby Lewis. • There were no changes to the declarations of interests. 	
3. Minutes of the previous meeting held on 6th August, 2020	SWBCF (01/21) 001
The minutes of the previous meeting, held on 6 th August, 2020 were reviewed and ACCEPTED as a true and accurate record of the meeting.	
4. Action log and matters rising from the previous meeting	SWBCF (01/21) 002
It was noted that the actions listed were either closed or on the agenda for discussion.	
DISCUSSION ITEMS	
5. Audit Findings Report	SWBCF (01/21) 003
<p>BD, from the external auditors, Grant Thornton, referred Committee members to the Audit Findings Report (of the Charity's financial statements in the year to the 31st March, 2020) contained in the papers. The following key points were highlighted:</p> <p>Work had been virtually completed and BD assured the Committee that Grant Thornton would be issuing an unqualified audit opinion, which was a positive.</p> <p>The external audit had been conducted remotely for the first time [due to COVID-19] which had been</p>	

challenging, however, information had been shared electronically and all the evidence required had been successfully gathered.

The start of the audit had been delayed from April to the end of July 2020, because of the pandemic. Everything, bar the final procedural matters, had been done. Remaining matters were as follows:

- A check on the final version of the accounts
- Receipt of the letter of representation
- The final consideration of post balance sheet events (including the consideration of going concern).

BD explained that when considering the going concern aspect, Trustees were obliged to look forward 12 months and be satisfied there was no material uncertainty around cashflow. However, he acknowledged this was unlikely, given the financial standing of the Charity.

BD referred Committee members to the housekeeping matters in the Report, but expressed the view there were no matters of concern.

WZ expressed thanks on behalf of the Committee to both the Grant Thornton and internal teams for their work to produce the Report in challenging times.

DC queried whether the model employed during the pandemic would now be a template for future audits. BD commented there would probably be an element of working remotely going forward, however, he also opined there were advantages in being able to physically spend time with clients. A hybrid model was likely. He advised that next year's audit would also likely be carried out remotely.

BD further commented that the circumstances had meant that sign-off of the accounts had been later than desired. He acknowledged that signed-off accounts could be a useful tool for fundraising. CH commented that it was the aim to have the Charity's accounts signed-off at the same time as the Trust's accounts in the coming year, despite the challenges to time and resources. RW supported the ambition to align the Charity's accounts and Annual Report with production of the Trust's audited accounts and Annual Report so they could be presented at the Trust's AGM.

6. Finance

- **20/21 P6 Finance Report**
- **Summary cashflow forecast 20/21 – 25/26**

SWBCF (01/21) 004

DMc referred Committee members to the papers and apologised for their late circulation. She made the following points to note:

Income & Expenditure

COVID-19 had impacted the income streams for the year. The MMUH fundraising plan for the year was behind target (because of an enforced lack of fundraising activity), but designated funds due to COVID-19 donations were ahead and considerably ahead in terms of restricted funds, due to the significant income from NHS Charities Together (in response to COVID-19) and a Homes England grant in relation to a feasibility study for development work on the Hallam site.

The Charity was £93k ahead of its income target at Month 6.

In terms of expenditure, the Charity was £152k behind target which generated a year-to-date surplus of £138K. The expenditure budget (charitable expenditure only) had been set as £800k per annum, as agreed with the cash recovery plan and the Charity was slightly behind on this target.

DMc reported that Total Return on Investment and Total Fundraising Return on Investment KPIs were doing well because of the strong income position.

Statement of Financial Position

DMc reported that the statement of financial position was currently provisional because the accounts were being finalised.

The net asset position was £5.5m at the end of Month 6.

Investment performance

DMc reported that there had been a dip in performance at the beginning of COVID-19 (down to £3.6m), but it had recovered very well.

The Charity's investments had been fully (except some small residual issues) and smoothly transferred from Barclays to Brewin Dolphin as investment fund managers. Early indications had been very positive.

Cashflow

The cumulative cash and fund balances position would recover to a balance of £5.1m by the end of 25/26.

In terms of forecasting, DMc reported that she would expect the income position to hold for the rest of the year. She would also expect a solid cash performance for 20/21. Unrealised investment gains would need to be included in the income statement which would further bolster the position.

The cashflow included the year's I&E plan. The Charity was significantly off the plan in its positive cash position overall and therefore, DMc recommended that the Charity be deemed as a going concern, based on its year-to-date performance, the forward look and recovery work.

DMc reported that, following careful scrutiny, the Finance team was confident of the position reflected in the numbers.

Letter of Representation

CH referred Committee members to the paper and commented that it was a standard letter of representation. BD explained that it was a requirement to receive such a letter (signed) at the conclusion of every client audit. It represented Trustees recognising their responsibilities and offered the opportunity to disclose material issues (events, liabilities or frauds) which might affect the accounts.

JS confirmed that there were no matters falling under the categories mentioned, that might impact the preparation of the 19/20 accounts.

RS **AGREED** to sign the letter as Chair of the Board of Trustees.

Action: RS (as Chair of the Board of Trustees) to sign the Letter of Representation to the Charity's external auditors Grant Thornton.

7. Outline case for achieving Charity income targets 22/23 - 25/26

SWBCF (01/21) 005

JS referred Committee members to the paper for consideration which set out the income generation strategy for the Charity from April 2022 to March 2026 when most of the initial phase of MMUH fundraising campaign activity would have been completed. It was noted that pledged income requests (donations spread out over a five-year period) had been taken into account.

The draft plan included both fundraising and business development opportunities (tenders, contracts, major grants etc.) and Community Asset Transfers (utilised by some other independent NHS charities), as a way to grow income.

The fundraising target over the four-year period from April 2022 to March 2026 would be £1.975m

and the business development target would be just under £2.5m (£2.469m), leading to a total income target (including pledged income) of £4.44m.

JS reported that extra resource would be required to achieve the target.

Fund ratios would be used to benchmark at a rate of £3.37 as a return on every £1 spent (the sector standard average). Therefore, £1.1m was proposed as spend to achieve the target.

JS reported that capitalising on Community Asset Transfers (CATs) would require a change to the Charity's current model, as taking on assets was only permitted for independent charities.

WZ queried the operation of CATs. JS reported that some NHS charities were going down this route and were purchasing assets (land etc.) using secured loans and using them to generate income, e.g. rent.

DMc commented that the Committee needed to be mindful that the financial arrangements of the Charity were slightly different from the Trust. Whilst sometimes there were financial benefits to these types of transactions, serious consideration of the substance would be required. This was because there had been some reversals in the audit process when it had been decided that the transfer was for financial reasons only.

In response to a query from RS, RW advised that the independent status of the Charity was something that needed further, careful consideration. She raised the issue of the trading income limitation as a consideration (selling merchandise or income from a building).

JS reported that the move to independence was growing as charities looked to capitalise on opportunities.

WZ expressed the view that a SWOT analysis would be helpful in the decision-making process around independence.

RS queried the fundraising ambassadors. JS reported that the aim would be to maximise the involvement of ambassadors going forward as the Trust would not be promoting the MMUH fundraising campaign post March 2022.

The Committee **NOTED** the report.

8. NHS Charities Together – spend plan proposal

SWBCF (01/21) 006

JS updated the Committee on the focus areas to benefit from NHS Charities Together monies along with all COVID-19 donations.

The total, combined amount received by the 1st October 2020 had been £241,781. He referred Committee members to the paper which set out what had been spent and on what and allocations.

The Charity had submitted reports for the NHS Charities Together (Stage 1) grant of £134k and therefore, these allocations could not be changed or amended.

Future opportunities would include a significant bid for the NHS Charities Together (Stage 2) programme. The Charity had positively partnered with six other, local NHS charities to make the application for £623k and the Your Trust Charity had been successfully appointed as the lead NHS charity for the Black Country & West Birmingham STP.

JS reported that £500k of the sum would need to be paid to the six charity partners (Wolverhampton, Dudley Group, Walsall Healthcare, Birmingham Community Healthcare, Black Country Healthcare and West Midland Ambulance Service).

JS reported that £204k was still available from NHS Charities Together, but was yet to be secured. £50k was available providing evidence of a spike in COVID-19 cases could be produced. The remaining

£154K was available for 'recovery grants' to support staff, patients and the wider community during and post-pandemic. JS referred the Committee to the list of requests which had been forwarded to date which totalled £245k and therefore, potentially required prioritisation and approval.

RS briefly took the Chair role at 10:42. WZ returned 10:44.

RW expressed gratitude for the donations. Whilst there was a greater call on funds than available, the Public Health budget had been reviewed to see if some works could be resourced through this channel. This might include the e-Bike pilot and a phasing in of the outdoor gym equipment initiative.

RW reported that a bid for £10k from Sport England was being worked on to support some of the activity.

WZ suggested contacting the Active Wellbeing Society, which had some resource and offered to facilitate an introduction. He also suggested approaching the local football clubs for sponsorship. JS to follow up.

The Energy Pod request was in relation to Pods for Maternity. DMc suggested checking the request and the costs for the request.

In response to a query from WZ, JS confirmed that the £50k could be quickly released. Applications for the £154k would need to be made by the end of March 2021. JS reported that he would update the Committee on the list at the February 2021 meeting.

WZ reported that the Council had given the Organising Committee £2m to commission activities across the City and this too might present an opportunity.

It was suggested that the requests be **APPROVED** in principle providing JS could get them into budget. DMc further suggested that admin costs might be able to be absorbed in another way.

Action: JS to investigate funding opportunities with the Active Wellbeing Society, local football clubs and other links suggested by WZ

9. Midland Metropolitan University Fundraising Campaign progress

SWBCF (01/21) 007

- Digital advertising screens
- Arts strategy – summary from Arts Committee meeting 3rd November 2020
- MMUH arts projects in progress

Digital advertising screens

RW reported that advertising screens had been suggested to maximise income for the fundraising campaign.

JS and the team had been working with procurement to produce a tender and had additionally been working with Estates on potential sites. RW expressed the view that the project offered great potential.

JS reported that a total of nine companies had been invited to participate in the tender. Eight responded and two final tender responses had been received from leading suppliers.

In terms of pricing, there had been a clear differential between the final tenderers.

RS queried the financial viability of the tenderers in the pandemic environment. CH commented they were both market leaders and presented low risk.

DMc queried what oversight the Trust would have on the advertising content displayed on the screens. RW reported that as part of the specification, the Trust had included some limitations on advertising with the power of veto e.g., on recruitment advertising for other Trusts, alcohol, sugar,

fast food etc. which would be incompatible with the Trust's Public Health Plan.

The Committee **AGREED** to endorse the appointment of the preferred supplier.

Arts Committee & Projects

RW reminded Committee members that, as part of the fundraising campaign, the Trust had committed to supporting the arts in and around MMUH. An Arts Committee had been meeting quarterly, with membership drawn from several partners (arts organisations) across the region. A creative producer had been appointed to lead strategy and development.

Good progress had been made in relation to arts projects and joint bids, with good engagement from partners along with a lot of support and enthusiasm.

The team was progressing outdoor projects including learning pods based in the community garden around MMUH and possibly on level 5. Another project had been looking at heritage trails across the building and outdoor space.

RW referred Committee members to the list of outdoor sites in the paper, which were being discussed by the MMUH and Balfour Beatty teams to ensure fit with the programme build.

10. Grants pipeline

SWBCF (01/21) 008

RW referred Committee members to the paper and highlighted the following:

Volunteers

The Volunteer Service had been part of the Helpforce programme which had initially addressed mobility volunteers in Assessment Units, expanding into other areas. This project was now complete and the Trust had been highlighted for its progress in a report recently published by Helpforce.

The Trust was considering re-introducing some of the ward-based roles with additional [COVID-19] safety risks included.

World of Work

It was reported that the World of Work programme had been seriously impacted by COVID-19, but the team had recovered the position and £80k would be received by the Trust from the programme. There had been some very positive outcomes for participants.

RS queried volunteer numbers for the opening of MMUH. RW reported that charity funding for the volunteer service was due to expire in March 2021. RW advised that it would be for the Trust to establish a plan to secure its future sustainability.

MATTERS FOR INFORMATION/NOTING

11. Matters to raise to the Trust Board and Audit & Risk Management Committee

Verbal

- The Audit Findings Report
- Update on NHS Charities Together work
- The digital advertising decision
- Financial performance & draft accounts
- The commencement of MMUH fundraising

12. Agenda Items for the next meeting	Verbal
<ul style="list-style-type: none"> • Risk Register 	
13. Any other business	Verbal
None discussed.	
Details of the next meeting: The next meeting will be held on the 11 th February 2021 from 10:00 to 11:30 , in Room 13, Education Centre, Sandwell General Hospital.	

Signed

Print

Date