

Charitable Funds Strategy

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1. Introduction

Definition of Charitable Funds

Charitable funds in the NHS originate from a variety of different sources including donations, legacies and through fund raising and may be for a specific or general purpose.

In order to be deemed charitable, funds held on Trust must have purposes which are for the general public good. The Trust Deed for South Warwickshire NHS Foundation Trust Charitable Fund also allows charitable monies to be applied for purposes relating to the National Health Service and therefore funds are used for the benefit of patients and staff.

There are three main types of charitable funds recognised in law, including:-

- (a) Endowment Funds – where the ‘lump sum’ donation remains the same and only the interest is available for use;
- (b) Restricted Funds – where the donation has been made for a specific purpose, and
- (c) Unrestricted Funds – where the donation was general and as such is available for any charitable purpose.

South Warwickshire NHS Foundation Trust’s Charitable Funds

The South Warwickshire NHS Foundation Trust Charitable Fund (Charity Registration Number 1056424) is governed by the Trust Deed which was approved by the Trustee on 21 May 1996. Under the terms of this deed the charitable fund is administered and managed by the Trustee, the South Warwickshire NHS Foundation Trust as a body corporate. This means that the Directors of the Trust, acting collectively, exercise the duties of Trustee. The Charity name was formally changed following the designation of the Trust as a Foundation Trust in March 2010.

The fund is an umbrella charity for a number of charitable funds managed by the Trust.

From 1 April 2002 the fund also included monies transferred from South Warwickshire Combined Care NHS Trust on behalf of its successor body, and Warwickshire Primary Care Trust (now South Warwickshire Clinical Commissioning Group). In January 2016 the Coventry and Warwickshire Partnership NHS Trust (CWPT) funds held by the Charity were transferred to University Hospitals Coventry and Warwickshire NHS Trust (UHCW).

2. Stewardship of Funds

Objectives of the Charity

The objectives of the Charity are to spend funds for:

- (a) the enhancement of facilities for patients, carers or staff, where this would be in addition to the provision ordinarily afforded by the NHS;
- (b) the purchase or replacement of equipment, where this would be in addition to or in advance of the provision otherwise afforded by the NHS, and
- (c) the training and development of staff employed by the Trust, where this would be in addition to the provision ordinarily afforded by the NHS;

Principles that Apply

Charitable funds must be applied for the purposes set out in the Trust Deed and for no other purposes. The following principles apply:

- (a) the income and property of the charity must be applied with fairness and to persons who are properly qualified to benefit from it
- (b) the Trustee must act reasonably and prudently in all matters relating to the charity and must always bear in mind the interests of the charity
- (c) the Trustee is the final arbiter in all matters of charitable fund expenditure and management, and its decisions take precedence over those of charity fund raisers
- (d) personal views or prejudices must not affect conduct
- (e) the same degree of care in dealing with the administration of the charity should be exercised as would be exercised in managing the Board of Directors' affairs

Changes to the Charity

The Trustee and/or its representatives have a legal duty to notify the Charity Commission of any changes in the registered particulars of the umbrella charity.

Investment Strategy

The overall aim in investing the Trust's charitable funds is to maximise total return whilst balancing risks and the requirement for income. However expenditure of funds will always be preferred to investment.

The Trustee will annually review the investment strategy, taking advice as appropriate.

The Trust's charitable funds can be invested in a number of different forms of investment and the balance between each will depend on the following, although cash holdings will always be preferred:

- (a) the anticipated expenditure flows and therefore the need for liquidity;
- (b) the forecast returns from different investment instruments as advised by the Trust's investment advisers in the light of current stock market trends;
- (c) other requirements such as the ethical policy,, and
- (d) the need to balance the interests of present and future beneficiaries.

Ethical Policy

The Trustee has determined that no investments should be made in companies whose main business is related to the production or sale of tobacco products, armaments or alcohol.

Attitude to Risk

The Trustee has adopted a cautious approach to risk, based on the overall investment aim to at least maintain the real value of funds held, given the overall objective of expediting the beneficial expenditure of funds.

3. Fund Management

Fund Categorisation

All charitable funds will be categorised either as specific ward/speciality funds, or corporate funds. Those deemed to be in the first category will be further subdivided according to the Trust's organisational structure.

Fund Advisors

All charitable funds will be managed by designated Fund Advisors (previously known as Fund Managers), who will be accountable for the expenditure and general management of the funds as follows:

- (a) Specific ward/speciality funds – Associate Directors of Operations in association with their Associate Medical Directors
- (b) Corporate Funds – Director of Development

This approach will replace all existing arrangements, including the removal of existing fund Advisors, to be effective from a date to be agreed by the Trustee.

Fund Advisors may delegate day-to-day responsibility for fund management but they remain ultimately accountable to the Trustee.

4. Fund Distribution and Expenditure

Spending of Funds

The Trustee has a duty to spend charitable funds (with the exception of endowment funds) and not to allow them to accumulate. In order to discharge this duty it is advised by 'Fund Advisors'.

This expenditure must be in accordance with the explicit wishes of the donor. All Fund Advisors are to be reminded of their duty to spend funds on a regular basis.

However, the Trustee recognises that for large items a certain amount of accumulation is required. Fund Advisors will therefore be permitted to accumulate charitable funds for specific large-scale items and this intention should be clearly stated on the 'request for use of donated monies' form.

Each charitable fund (with the exception of the capital element of endowment funds) should have an expenditure plan detailing how the fund is to be spent and over what timescale. All Fund Advisors must have expenditure plans for the funds under their control and will be expected to actively pursue those plans. The Charity Trustee reserves the right to spend monies held in restricted funds or re-allocate to the general purposes fund (when appropriate), if an expenditure plan is not received within six months.

Items funded or purchased with charitable funds should be in addition to those provided through basic NHS care.

General Criteria for Expenditure

Expenditure should relate to one or more of the following criteria:

- (a) the health and Wellbeing of the population
- (b) the benefit of patients and/or carers
- (c) the benefit of staff
- (d) the Trust's core values
- (e) the Trust's strategic goals

Authorisation of Expenditure

Full authorisation must be obtained for all charitable funds expenditure before any commitment is made.

The 'request for use of donated monies' form must be completed for all such requests and all criteria on the form met, before authorisation is sought.

The correct level of authorisation must be sought for the amount of expenditure requested, as detailed in the Standing Financial Instructions and Scheme of Delegation.

Fund Opening

Requests to open new funds should be made to the Finance Department using the correct procedure (available to staff on the Trust's intranet), and must include the purpose of the fund, detailed spending plans and the source of donations.

Funds opened will be reported to the next Trustee meeting.

Before any such request is made careful consideration must be given as to whether an existing charitable fund could hold any new monies received. New funds should only be opened if there is no suitable existing charitable fund.

5. Fundraising

See separate Fundraising Strategy

6. Review

The Trustee will review this strategy on an annual basis.

Meg Lambert
Trust Secretary