

Minutes of Charitable Funds Committee Meeting

Thursday 26 January 2012

Lecture Theatre, St Albans Hospital

Present:

Katharine Charter (KC)	Non Executive Director (Chair)
Robin Douglas (RD)	Non Executive Director (Co-opted)
Anna Anderson (AA)	Director of Finance

In attendance

Patricia Duncan (PD)	Company Secretary
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Also in attendance for specific items

Dave Self (DS)	Financial Controller and Capital Accountant
John Hildebrand	Investec

Agenda Item	Comment	Action
	OPENING ITEMS	
01/12	1. Welcome/Chair's Introduction KC opened the meeting and welcomed the members of the Committee and also welcomed Mr J Hildebrand of Investec (formerly Rensburgh Sheppard) who would be presenting a review of Fund performance . The Chair noted this would be the main focus of the meeting. The Chair also noted that she is awaiting a decision about the nomination of a third Non Executive Director to the Committee, following the departure of Stuart Lacey.	
02/12	Apologies - .None.	
03/12	Declaration of interests None declared.	
04/12	Notes of the previous meeting 29 September 2011 RD noted that a sentence in item 5 appeared to be missing the definitive article. The Secretary will amend.	PD

05/12	<p>Matters arising and action log from the meeting dated 29 September 2012</p> <p>Most of the actions were cleared except for:</p> <p>Criteria for Nursing Fund: it was the Director of Nursing's recollection that her discussion at the committee in September described the approach that would be used for the disposition of the funds the Committee agreed to make available to her.</p>	
06/12	<p>Charitable Funds Investment Portfolio</p> <p>J Hildebrand of Investec took the Committee through the Charitable Funds Investment Portfolio, having circulated a presentation on the key points. Mr Hildebrand reviewed the activity of the markets during 2011 noting concerns, particularly about the stability of the Euro and its impact. He believed that given this background the overall outcome was reasonable when benchmarked with the charity sector, with an outturn balance of £1,443K. Mr Hildebrand noted he had overstated the income as £106,682 when in fact it was £40,000. The Chair summarised that the net impact was that the income from the fund over the last year was not sufficient to cover outgoings.</p> <p>Mr Hildebrand provided an analysis of performance in different investments, noting good returns from UK equities and underperformance in corporate bonds and the impact of a move from the US to developing markets. He noted however that the 4th quarter saw a lot of gains, which served to underline the volatility of the markets. Mr Hildebrand noted that there were positive signs – US growth was improving as were corporate results and valuations and Far East growth was good although at a slower pace than previously. Against this, however were the ongoing Eurozone crisis and the potential impact of Greece defaulting and the greater fiscal austerity in the US believed to be inevitable following the US elections in 2013.</p> <p>Mr Hildebrand reviewed the options for ongoing investment spread noting that Bonds and Hedge Funds looked expensive whilst equities looked cheaper. However he cautioned that the uncertainty in Europe would make equities an extremely long term prospect (noting that if Greece defaulted European growth could plummet to -5%).</p> <p>KC asked about fixed term investments on the high street but all agreed this yield would not keep pace with inflation and also locked funds in.</p> <p>DS noted that the Committee believed that funds should be utilised for the purpose intended and this will drive a need to crystallize investments so it was important to consider the timescale.</p>	

	<p>RD asked about the current position and DS confirmed there was £270K cash in hand, but that is the same amount the Fund owes to the Trust. Therefore the Trust was going to need to draw down from the fund held at Investec shortly.</p> <p>RD was concerned about the risks if we did not agree a Fund reserve and suggested £0.5m. KC summarised that it would be wrong to erode the fund and that whilst it was important to spend funds to benefit patients, this should be done within the context of limited fund growth. KC believed the Fund should be placed in low risk investments to minimise the risk of losses on the funds.</p> <p>Mr Hildebrand noted he could not give assurances about the potential losses or gains and that the Trustees should be aware of the volatility of the markets. There needed to be a balance between raising the cash needed offset against the potential gains if it was invested (noting that if funds were raised in September the Trust would have missed out on the post August rally).</p> <p>There followed a discussion on how much should be crystallized, taking into account that current spending plans would require £300K pa.</p> <p>There followed a discussion about Fund holders' apparent reluctance to spend funds and that AA had discussed this with them. She noted very few funds were unrestricted and the Trust may need to consider exerting a more corporate approach, potentially top slicing funds. The Committee agreed to the suggestion that a bidding structure should be developed for a framework in which the following spread might be considered:</p> <p>150K - specific projects (a framework to be developed) 50K - Miscellaneous/education 100K - Director of Nursing Fund</p> <p>Mr Hildebrand suggested capitalising £300K to cover the coming year, and placing the rest of the Fund in an appropriate investment vehicle with a review of performance at the end of the year. KC reminded the Committee that it agreed an investment strategy which was to outperform the charity benchmark and we should adhere to this.</p> <p>Following further discussion it was agreed that there should be a core fund of £.5m, below which the Fund should not be allowed to fall but that we should encourage a more proactive approach to the utilisation of the funds for the purpose intended, to improve patient care.</p> <p>It was agreed that AA, KC and PD would meet to progress a more corporate framework for the funds, with possible top</p>	<p>AA, KC,</p>
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	<p>slicing of funds being considered and the creation of a fund to bid for.</p> <p>KC had agreed with the Trust Chair for a report on the work of the committee to come to the March Board, and work would need to be done to prepare for this.</p> <p>DS agreed to summarise the agreed disposition of funds and this will form the briefing note to Investec.</p>	PD
07/12	<p>Progress on encouraging spending</p> <p>As AA indicated in the previous section she had written to and met with Fund Holders to remind them of their obligations. She noted she had written to Mr Gurney about the Gurney Bequest and had received a very negative communication from a retired Consultant, Dr Naith who described himself as Chair of the Trustees – AA had advised this was inappropriate as WHHT were the Trustees. AA reminded that the Gurney Bequest restricted expenditure on education related activity and that Howard Borkett Jones is the current fundholder. AA believes it will be possible to work with HBJ to achieve a compromise approach to encourage these funds, held for over 25 years, to be spent. KC suggested in a more corporate approach in future perhaps this could be the fund any clinical team could request money for education from.</p> <p>KC reported on her meetings with two fundholders, microbiology and renal. Neither had substantial plans for spending although their funds were large. One was the fundholder for Renal services run by Imperial. AA clarified the funds were WHHT's .</p>	
08/12	<p>Review of Terms of Reference</p> <p>KC noted the draft terms of reference and felt they broadly reflected the aims of the Committee, however it was agreed that section 1.3 should be amended to read:</p> <p>“To promote greater awareness of the Trust’s Charitable Fund to encourage donations and utilisation of funds,”</p> <p>AA noted that she had discussed at the last meeting that she should be a member of the Committee as it was a Committee of Trustees of a Charity. PD agreed to clarify whether this was possible under the current Scheme of Governance and KC agreed to discuss with TH once PD confirmed options.</p>	<p>PD</p> <p>PD KC</p>
09/12	<p>Fundraising – An Oral Update from the Chair</p> <p>KC apprised the committee of the recent promotion of the Funds ,and circulated an extract from In Focus, as well as a copy of the letter AA had sent to all fundholders indicating</p>	

	fund holders should have spending plans formed by May, as it was likely a more corporate approach to funds would be taken thereafter.	
10/12	<p>AOB</p> <p>10.1 The Secretary noted that the Chair of the MSC had recently changed and that she would invite the new Chair to join the Charitable Funds Committee.</p> <p>10.2 The Secretary raised an issue about the governance of non cash donations, noting that recently a TV to the value of £500 had been donated to the ITU staff room. KC felt that the Committee should not be involved in this type of informal donation which should not be discouraged or drawn into a more formal arrangement.</p>	
11/12	<p>Date of Next Meeting</p> <p>31 May 2012 at MEC, Hemel Hempstead</p>	
Lead	Actions Agreed	By:
PD	To amend item 5 of Minutes of previous meeting to add the definitive article to a sentence.	Immed.
AA, KC, PD	To meet to progress the development of a more corporate Framework for future funds..	May 2012
DS	To circulate a summary of the instructions to Investec	March 2012
PD	To update terms of reference as indicated above.	End Jan
PD	To check Scheme of Governance to determine whether AA can become a member of the Committee.	End Jan
KC	To discuss above issue with TH and clarify other NED to join committee.	March 2012