AGENDA ITEM 2.1  
22 June 2011  
CHARITABLE FUNDS STRATEGY  
DISCUSSION PAPER

| Report of | Director of Governance  
| Director of Finance  
| Director of Innovation and Improvement |
| Paper prepared by | Director of Governance  
| Director of Finance  
| Director of Innovation and Improvement |
| Executive Summary | The Charitable Funds Committee has requested that a comprehensive Charitable Funds Strategy is produced for the management of Charitable Funds.  
This report sets out the initial draft of that Strategy for Committee consideration.  
The final strategy document will incorporate the following:-  
• Governance Framework  
• Fund Expenditure Framework  
• Marketing and Fundraising Strategy  
• Partnership Framework  
• Investment Strategy  
The outcome of the discussions by the Committee will be used to inform a further draft for informal discussion at the Board of Trustees workshop. |
| **Action/Decision required** | The Committee is requested to:-  
• Consider the draft strategy document  
• Comment on the draft supporting frameworks. |

| **Link to other Board Committee (s) and sub-committees** | The Governance Framework was previously considered by the Board of Trustees on 28 September 2010. |

| **Link to Standards for Health Services in Wales** | Standard 1 - Governance |

| **Link to Public Health Agenda** | The proposed strategy is aimed to enhance public health activities |

| **Link to UHB Strategic Direction and Corporate Objectives / Legislative and Regulatory Framework** | The Strategy will ensure compliance with charities legislation.  
The Charitable Funds Strategy is aimed to complement UHB objectives and priorities |

| **Link to relevant evidence base** | Charity Commission Guidance  
HfMA Guidance |
CHARITABLE FUNDS STRATEGY
DISCUSSION PAPER

JUNE 2011
CARDIFF AND VALE UHB CHARITABLE FUNDS - BACKGROUND

Cardiff and Vale University Health Board Charitable Trust (the Charity) is a registered charity that was formed on 1st October 2009. It comprises solely of the charitable funds of the former Cardiff and Vale NHS Trust as the predecessor LHBs did not have any charitable monies.

The Cardiff and Vale University Local Health Board (UHB) is the “corporate trustee” for the Charity.

This overarching strategy has been written to articulate the vision of the Trustee for the Charitable funds within its custodianship and to bring together the underpinning frameworks and strategies required to deliver that vision.

To set the strategy in context, as at the 31 March 2010, the Charity comprised of the following funds:-

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Funds</td>
<td>2.474</td>
</tr>
<tr>
<td>Restricted Funds</td>
<td>2.164</td>
</tr>
<tr>
<td>Unrestricted Funds</td>
<td>5.416</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td><strong>10.054</strong></td>
</tr>
</tbody>
</table>

Income and Expenditure for the 2009/10 financial year can be summarised as:-

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>0.928</td>
</tr>
<tr>
<td>Legacies</td>
<td>0.221</td>
</tr>
<tr>
<td>Income generation activities</td>
<td>0.186</td>
</tr>
<tr>
<td>Investment income</td>
<td>0.148</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>1.483</strong></td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td><strong>2.090</strong></td>
</tr>
<tr>
<td><strong>Total operating deficit</strong></td>
<td><strong>(0.607)</strong></td>
</tr>
<tr>
<td>Gains on revaluation of investments</td>
<td>1.347</td>
</tr>
<tr>
<td><strong>Net movement in funds</strong></td>
<td><strong>0.740</strong></td>
</tr>
</tbody>
</table>

The Charitable Funds Committee has raised a number of concerns regarding:-

- the low level of unsolicited income compared to other NHS organisations of comparable size
- the lack of proactive fundraising campaigns and activities
- the lack of a financial strategy to utilise existing balances
- the governance and accountability arrangements of charitable funds expenditure
This overarching strategy has been written to set out the actions, frameworks and underpinning strategies to be put in place for formal consideration and approval by the Board of Trustees.

AIMS AND OBJECTIVES

The overall aim of the Corporate Trustee (Trustee) is proposed as:

| To raise and use charitable funds to provide the maximum benefit to the patients of Cardiff and Vale UHB and associated local health services in Cardiff and Vale of Glamorgan, supplementing and not substituting for government funding of the core services of the NHS. |

It is proposed that to support the consideration and prioritisation of the application of charitable funds, that a number of expenditure themes are agreed annually for the unrestricted funds. The proposed themes for 2011/12 are:-

- Patient environment, including art and other aesthetic and betterment improvements
- Patient dignity and respect, including amenity improvements and cultural awareness
- Public Health and healthier lifestyle initiatives
- Promoting safety
- Staff development, training and education
- Research & Development to support agreed themes

To deliver those aims and to address the shortcomings currently identified, a number of supporting frameworks are required:-

- **Governance Framework** to ensure that the UHB Charitable Funds are operated and managed to ensure full compliance with the governing documents; Charities Act; Charity Commission guidance; and best practice across the UK

- **Fund Expenditure Framework** that sets out how the 300 or so unrestricted funds can be rationalised and aligned to the charity aims; sets out the delegation arrangements; details the purposes against which those funds can be spent; and sets out the expenditure strategy

- **Marketing and Fundraising Strategy** to establish a professional fundraising function; create an identity/brand for the UHB Charity; improve awareness of the charity to attract unsolicited legacies and donations; and to maximise fundraising through focused and structured campaigns and activities.
• **Partnership Framework** that describes the relationship and cooperative working arrangements with other charities (such as Noah’s Ark, league of Friends) that provide facilities, support or services to UHB staff and patients.

• **Investment Strategy** that supports and is consistent with the expenditure strategy and is aligned to the aims of the Charity

**GOVERNANCE FRAMEWORK**

The Charity Commission for England and Wales has produced detailed advice on NHS Charitable Funds; this is available on their website at: [http://www.charitycommission.gov.uk/Charity_requirements_guidance/Specialist_guidance/NHS_charities/nhsguidance.aspx](http://www.charitycommission.gov.uk/Charity_requirements_guidance/Specialist_guidance/NHS_charities/nhsguidance.aspx)

The guidance sets:-

- responsibilities of the Corporate Trustee, Director of Finance and those delegated with day to day management of charitable funds
- legal requirements and responsibilities
- definitions of charitable expenditure
- other key governance considerations.

A UHB Charitable Funds Governance Framework has been produced that incorporates these principles. It is intended that this be translated into more detailed operating procedures and guidance once approved as part of this overarching strategy.

The Governance Framework is attached at Appendix 1.

**FUND MANAGEMENT FRAMEWORK**

The Trustee and delegated fund managers have a duty to apply their funds in accordance with the expectation of beneficiaries. A failure to consider what is in the best interest of the charity, for example the need to accumulate funds to acquire equipment or other good reasons, would constitute a breach of trust.

A fund management framework is to be produced that:-

- will propose a rationalisation of the current unrestricted fund structure so they are aligned to the stated aims, objectives and priorities. The priority will be to rationalise those funds that have not moved in the last year;
- set out the 3 year expenditure plan that reduces reserves balances by the end of the period to £1m
- sets out clear and simple policies to enable charitable funds to be accessed in line with agreed criteria;
- has efficient and transparent processes for considering expenditure requests, including a change to the scheme of delegation
In order to finalise this framework a full review of the existing funds is being undertaken, together with a clear definition of their original intended purpose. This is a substantial piece of work that is aimed to be completed within the next 2 months.

An initial Fund Management Strategy that sets out the key principles is included at Appendix 2.

**FUNDRAISING AND COMMUNICATIONS STRATEGY**

The UHB has very limited resources devoted to fundraising, the predominant activity being the lottery, although it is not considered this is operating to its potential with less than 15% of staff participating.

The UHB is also running a number of appeals; these are being taken forward through individual appeals committees rather than through the central fundraising team. At present the appeals are:-

- **ASSET** - established to raise money for Stroke Services
- **Better Life Appeal** - to raise funds for the All Wales Adult Cystic Fibrosis Centre at Llandough Hospital
- **Pursue** - to raise money for the Parkinson’s Unit within Cardiff and Vale
- **PROP Appeal** - supporting the regional Neurosciences Specialist Rehabilitation Unit within the UHB
- **Breast Centre Appeal** - to enhance the NHS service by providing additional services - things like 3D mammography, liposuction and fat transfer equipment.

There is no direct link to these appeals from the UHB website and internet searches, using obvious search words, highlights a number of other non-UHB appeals in the initial page listings.

A recent case has also highlighted that the public find it extremely difficult to navigate the system and donate monies into charitable funds as there is no central co-ordination of the various activities.

To address these matters, a fundraising strategy has been developed that includes:

- Establishing an effective and efficient fundraising operation;
- Development of a fundraising plan;
- Identify a donor / supporter retention and development programme;
- Building a brand for the charity and implement a marketing communications programme.

This is attached at Appendix 3
PARTNERSHIP FRAMEWORK

The UHB works closely with a number of other charities that have been established to support the work of the UHB. These include:-

- League of Friends
- Noah’s Ark
- Trust for Sick Children in Wales
- Teenage Cancer Trust
- Maggie’s Centre
- MacMillan
- Cancer Research UK

It can often be confusing for public, patients and staff to understand the relationship between the UHB charities and those that operate to support local health services and this framework [has been written] to describe any co-operative arrangements and how these charities operate and interface with the UHB.

It is proposed that a detailed framework is established by December 2011.

INVESTMENT STRATEGY

This will be developed in tandem with the appointment of the new investment managers by September 2011.

SUMMARY

This Strategy sets out the underpinning frameworks to take forward improvements in the way that charitable funds are managed within the UHB.

The delivery of the strategy will be monitored through the Charitable funds Committee of behalf of the Trustee.

June 2011
Appendix 1

CHARITABLE FUNDS GOVERNANCE FRAMEWORK

INTRODUCTION

Cardiff and Vale Health Board Charitable Trust (the Charity) is a registered charity which was formed on 1st October 2009.

The income generated, mainly through donations and legacies, helps to enhance the services that the UHB provides. The Trustees of the Charity must ensure that all funds are dealt with and accounted for appropriately, in accordance with Charity Commission and NHS Acts and Regulations.

The Cardiff and Vale University Local Health Board (UHB) is the “corporate trustee” for the Charity. It is important that there is a clear distinction between the charitable funds and exchequer funds that the UHB receives and manages.

This guide has been written to provide a framework by which the UHB Charitable Funds should be operated and managed to ensure there is full compliance with the Charities Act; Charity Commission guidance; and best practice across the UK.

The intended audience is the UHB Board, Charitable Funds Committee, senior management and Charitable Funds Account Holders in the UHB.

GOVERNANCE OF CHARITABLE FUNDS

It is vital that there is absolute clarity of the responsibility for the management and control of charitable funds as this underpins the charitable funds governance framework.

Responsibilities of Trustees / Board

The Board is the corporate trustee for the UHB Charitable funds; that is board members are jointly responsible for the management of all charitable funds.

As the Board is the trustee it must retain direct control of key decision making. In particular it must set the strategy and policy for the charitable funds and set the budget. Within this framework the CFC (and others involved in managing the funds) can be permitted to make day to day spending decisions, all of which should be reported back to the trustee.

Responsibilities of the Board including setting the:

- objects and scope of each of the charities, as set out in the respective governing documents of those charities;
• spending priorities set for the charitable funds for the current financial year;
• agreed criteria for deciding whether or not to spend the charitable funds to meet any particular funding request;
• delegation arrangements for the charitable funds;
• accounting and reporting arrangements that enable the Board to oversee and monitor the spending of the charitable funds.

Trustees have 3 main duties in the management of funds:

• Duty to ensure **compliance**
• Duty of **prudence**
• Duty of **care**.

Further details about the responsibility of Trustees can be found in the Charity Commission Booklet, (CC3), the Essential Trustee, and all Board Members should familiarise themselves with these requirements.

**Independence of NHS Charities**

The defining characteristics of a charity include independence, public benefit and being established exclusively for charitable purposes. If an organisation delivers charitable purposes (as described in section 2 of the Charities Act 2006) but is not independent that organisation is not a charity. This is because its purposes cannot (by definition) be *exclusively* charitable if part of its purpose is to carry out the purposes of another, non-charitable, body. Independence must also operate in practice (in the governance of the charity) and must be demonstrable.

Independence can exist under any trusteeship model, but the need to demonstrate independence may be greater where a charity is closely linked to another body (public or private) by trusteeship or through a funding relationship. Trustees, whether corporate or individuals, have legal duties and responsibilities under charity law and these include acting in the interests of the charity alone.

The Charity Commission sets out detailed explanation of the need for independence, and indicators of independence in the following publications:

- RR7 The independence of Charities from the State;
- CC37 Charities and Public Service Delivery – An Introduction and Overview (particularly at E2 and H)
- CC29 Charities and Local Authorities

In the governance of a charity, independence is defined by behaviours that can be seen, rather than by structures that are in place. For a charity to be independent its trustee(s) decisions must be made solely in the interests of the charity. Demonstrating such a focus in practice demands that the factors taken into account for each decision are relevant to the charity.
The key decisions to be taken by the trustees will include the setting (and subsequent reviews) of the overall priorities and spending strategies; the budget; and controlling the selection of those that are to benefit from the charity’s resources and/or services. Where the charity is closely linked to another body (public or private) by trusteeship (for example a corporate NHS trustee), or through a funding relationship, that link may be a factor in the charity’s decisions but only to the extent that the link is in the interests of the charity. It should not be the only factor, however, or the factor which automatically takes priority over others.

As explained in the Charity Commission’s publication the Hallmarks of an Effective Charity (CC10), the trustees should be clear about the charity’s purposes and direction. A key element in this is to be clear as to who are the beneficiaries.

The current published purpose of the Charity is:-

“The Work of the Charity helps to enhance and support the services provided by the UHB which is primarily to provide day to day health services to around 500,000 people living on Cardiff and the Vale of Glamorgan”

It is proposed to amend this to:

To raise and use charitable funds to provide the maximum benefit to the patients of Cardiff and Vale UHB and associated local health related services in Cardiff and Vale of Glamorgan, supplementing and not substituting for government funding of the core services of the NHS”

Detailed guidance on “NHS Charities and independence, indicators and evidence” is set out in the Charity Commission website.


Responsibility of the Charitable Funds Committee

The Board has appointed the Charitable Funds Committee (CFC) as its agents in the administration of Charitable Funds through ensuring robust controls and effective management of those monies.

Its main responsibilities are to:

- oversee the management of charitable funds in accordance with the budget, priorities and spending criteria as determined by the Board;
- ensure that the requirements of the Trustee Act 2000, Charities Act 1993 and Charities Act 2006 are followed
- appoint an investment manager (where appropriate), ensure that the UHB policies and procedures for investments are followed and receive investment reports from the Director of Finance for ratification
• oversee and monitor the functions performed by the Director of Finance as defined in Standing Financial Instruction;
• monitor the progress of charitable appeal funds (where material)
• monitor and review the UHB’s scheme of delegation to fund managers and to ensure that financial procedures reflect delegated expenditure limits.

Responsibility of Director of Finance

The Director of Finance has specific responsibilities, as by virtue of holding that office, is also the Treasurer of the UHB charitable funds. Specific responsibilities are outlined within Standing Orders as follows:-

• administration of all charitable funds
• identify any new charity that may be created and to formulate the trusts of any such charity
• provide guidelines on donations, legacies and bequests, fundraising and trading income
• ensure appropriate banking services
• prepare reports to the Board including the annual accounts
• consideration and approval of policies as determined by the Board.

Fund Managers

Day to day administration of charitable funds is undertaken by fund managers who have the following responsibilities:-

• Prepare spending plans within the framework established by Trustees
• Receipt all new donations
• Actively look for needs that can be met by charitable funds
• Regularly report back spending decisions to Charitable Funds Committee.

Fund managers should be as independent as possible from the management of NHS budgets which might influence their spending plans on the funds within their management. The scheme of delegation should be prepared on this basis.

CHARITABLE FUNDS - THE LEGAL REQUIREMENTS

Definition

In order to be deemed charitable, there are two main tests that need to be applied:-

• the purpose must be exclusively charitable as defined by the Charities Acts. For the NHS charities the definition is “the advancement of health or
the saving of lives” and includes “prevention or relief of sickness, disease or human suffering”

- the purpose must provide demonstrable public benefit.

It is against these definitions that any governance framework must be rigorously tested.

**Types of Fund**

A charitable fund is created when a governing document is adopted with clearly stated charitable objectives. The way in which donors give monies will affect how the fund can be used and how they must be accounted for.

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

- **Unrestricted Funds** – these are also termed general funds and are those funds that may be spent at the discretion of the trustees on the charity’s objectives.

- **Restricted Funds** – these can only be spent in accordance with the restrictions imposed when the funds were donated, granted or raised by the charity.

It should be noted that funds are only restricted where there is an unequivocal restriction imposed by a donor but it does not arise from a ‘desire, wish, recommendation, hope or expression of confidence’ that the trustees will use it in a certain way.

- **Endowment Funds** – where capital funds are made available to a charity and trustees are legally required to invest or retain them. Where a permanent endowment exists, trustees have no automatic power to spend the capital. If the fund is an expendable endowment, trustees have the power to convert capital to income.

**SOURCES OF FUNDS**

There are five main sources of monies to charitable funds:

- **Donations.** Donations can be solicited through such things as posters and leaflets or unsolicited, for example, where a patient decides at the end of their stay to donate to the ward or hospital charity. These can be restricted or unrestricted depending on whether donations were given for a specific or general purpose.

- **Fundraising.** Income can be raised from events and targeted appeals. Again, these can be unrestricted from fundraising through things like the staff lottery for the general purpose fund or restricted when the appeal is for something specific like a piece of equipment.
• **Legacies.** Again legacies can be restricted or unrestricted depending on the terms that the bequest is made. If the legacy cannot be fulfilled for its required purpose, then an application can be made to the Charity Commission to request the fund be used in a different way.

• **Investment income and interest.** Investment income and interest must be assigned and apportioned to the fund that generates it. Interest on restricted funds must be credited to the same restricted fund – it cannot be treated as part of general funds.

• **Grants.** Grants are usually restricted income given for a specific purpose and often have additional requirements attached including, for example:
  - how an acknowledgement is made in the accounts or other public documents
  - how any facility built with the grant is branded or named.

**REFUSING CHARITABLE FUNDS**

There are instances where it is appropriate not to accept monies for charitable purposes. The main examples of where monies should be refused are:-

• **Placing the UHB under an inappropriate obligation.** Such an example may include the donation of land on which to build a new health facility. The acceptance of land would oblige the UHB to commit capital and revenue monies on the facility which may not be in the best interest of the UHB or public. Another example might be where the acceptance of a grant might conflict with Welsh Assembly Government policy in relation to the NHS interface with the private sector.

• **Conditions are too onerous.** For example, there may be very prescriptive monitoring and reporting conditions which would outweigh the benefit of the monies.

• **Funds cannot be used as directed.** Sometimes, monies are bequeathed for a service that is not provided by the UHB. For example, if the UHB were left monies for the air ambulance, then it would not be appropriate to accept as this charity is within the governance of the Welsh Ambulance Service.

• **Conflict of interest.** It would not be acceptable to accept monies from a source which creates a real or perceived conflict of interest with the objectives or policies of the UHB. Examples might include monies from the tobacco industry or baby milk manufacturers. Advice should be sought from the Director of Governance if in doubt as to what might constitute a conflict of interest.

• **Named individuals.** Monies cannot be accepted where they are limited for the benefit of specific individuals as this would not pass the public benefit test.
• **Circumvention of UHB Policies.** There must be no suggestion that charitable funds are being accepted to circumvent the UHB Gifts, Hospitality and Sponsorship policy and should not be accepted if any restrictions on the funds could be interpreted in this manner. Advice should be sought from the Director of Governance if in any doubt.

• **Research and Development.** Particular care must be taken when considering whether to accept monies for Research and Development (R&D) into charitable funds. The 2006 Act removed any presumption that NHS R&D was for the public benefit. R&D can only be accepted into charitable funds where the purpose is exclusively charitable; in line with the aims of the charity objectives and scope; of good quality, well managed and cost effective; planned with the aim of achieving public benefit; and the results published in such a way that the public will benefit from the advancement of medical science. Trustees should make reasonable steps to ascertain that a paper was ultimately published or results disseminated.

Under no circumstances should monies for commercial research be accepted as this would breach accounting requirements as the results and control of over publication are held by the commercial organisation.

All R&D activity, irrespective of whether it is deemed charitable must be subject to the same formal R&D processes. Prior to acceptance of any R&D charitable monies, guidance and approval must be sought from the Director of Research and Development.

**CHARITABLE FUNDS EXPENDITURE**

There is often a lack of clarity about what expenditure is appropriate from charitable funds and this section is aimed to address that.

Most NHS charities have been established to enhance statutory provision rather than to provide what might be regarded as basic public services. There has been concern over several years that the dual role of statutory service provider and corporate trustee of charitable funds creates a conflict of interest for an NHS body when deciding how to apply the charitable funds.

There are in fact very few services provided within the NHS that must be exclusively funded by the public sector. It is therefore legitimate for Charitable Funds to be used for any health activity as long as:

- expenditure meets the charitable fund purpose
- it is over and above what might be reasonably be expected to be funded from NHS budgets
- that there must be an open and transparent decision making process and independent of decisions to use NHS monies; personal views or prejudices must not influence decisions
- that there must be a public benefit arising from the expenditure
• trustees should always act in the interest of the charity and its beneficiaries.
• that decisions must be in line with the Trustees’ duty of care and duty to act prudently.

In considering the UHB position regarding general, unrestricted funds, the Trustees have determined that:

- **Staff training and education.** This is permitted expenditure on the basis it will have the result of making staff more effective in their roles to deliver health care and thus meet the public benefit test. Where training costs are significant, such as conferences abroad, then it is necessary to confirm in more detail that the benefit to the public outweighs the benefit to the individual receiving the training.

- **Staff social functions.** Expenditure should not be incurred on such costs as it is difficult to directly prove the benefit to the public and that more direct benefit can be delivered on alternative uses of these funds.

- **Staff recreational facilities.** This is permitted expenditure. Having good staff facilities will ensure that staff are better cared for, fitter and healthier with the result of enhanced performance and motivation thereby improving the delivery of services to the public.

- **Staff gifts.** Expenditure on gifts to individual staff for such things as leaving presents, flowers gestures are not permitted.

**DUTY OF PRUDENCE**

In order that Trustees can discharge their responsibilities, the same care and attention must be applied to charitable funds expenditure as NHS budgets. The Charity must act reasonably and prudently at all times. Charitable funds are therefore subject to UHB financial control procedures including procurement.

Costs must never be excessive and the duty of prudence must be exercised at all times. For example, 1st class travel is not permitted.

**FURTHER GUIDANCE**

Once approved, further guidance on the practical application of this framework will be developed and issued. It is proposed that this is considered and approved by the Charitable Funds Committee.
INTRODUCTION

The Charity Commission ‘NHS Charities Guidance’ sets out the general principles of appropriate spending as follows:

‘For any expenditure of NHS charitable funds to be ‘appropriate’ trustees should apply three tests:

- Is it within the objects of the charity concerned and, if the funds are also restricted, within the terms of that restriction?
- Is the immediate and direct effect of the spending too far removed from the intended charitable outcome to guarantee that outcome?
- Does it represent a more effective way of applying available funds than other alternatives that may be in need of funding?

Subject to these tests individual decisions lie with the trustees.’

‘All trustees have an underlying duty to ensure that all direct charitable spending is demonstrably effective and efficient in furthering the objects of the charity concerned’.

For NHS general purpose funds, Trustees have a very wide scope to apply any unrestricted funds. This excludes restricted funds which must be spent within the boundaries of the restrictions. This is likely to apply with funds raised by appeals and funds received under bequests. Accordingly the nature of the funds will determine the flexibility allowed in the use of these funds.

While the general principles are clear, the Charity Commission were unable to identify specific examples of good practice. Where contact has been made with other NHS charities they are all in similar situations of recognising the need to develop clearer guidance that meet the Charities Act 2006.

EXPENDITURE STRATEGY FRAMEWORK

The Charity, through the Charitable Funds Strategy, will proactively manage charitable funds to discharge the objects of the charity. In light of the charity structure, registration and restrictions the initial focus will be on developing expenditure themes to be supported from the non delegated unrestricted funds. While unrestricted funds equate to £5.7m in total, the non delegated funds equate to £3.2m.

The second stage of the strategy, although it can be initiated immediately, will review and consolidate the restricted funds wherever possible. This will be led by Divisional Managers with the ultimate aim that the funds are proactively managed at a Divisional level. It is recognised that to ensure that Trustees do not breach their duties the process to review, understand and document the delegated unrestricted and the restricted funds will take some time.
SCHEME OF DELEGATION

Previously there have been ad hoc and inconsistent approaches for charitable funds funding requests to be processed and approved. This included a Staff Lottery Panel for the funds raised by the staff lottery and ad hoc bids to the Committee, Chairman and Chair of the Charitable Funds Committee. A formal scheme of delegation is required.

Board of Trustees

The Board of Trustees will remain responsible for considering and approving the overall financial plan for the year, together with agreement of spending “themes”.

Charitable Funds Committee

It is proposed that the Charitable Funds Committee reserves the following key expenditure plan decisions to itself:
- Recurrent Expenditure Commitments
- Staff Expenditure
- Individual Items of Expenditure above £10,000

Charitable Funds Bid Panel

It is proposed that a Charitable Funds Bid Panel is established to consider and approve bids within the agreed scheme of delegation.

The proposed membership would include:
- Assistant Director of Patient Experience (Chair)
- Divisional Manager (x2)
- Divisional Nurse (x2)
- Director of Public Health nominated officer
- Director of R&D nominated officer
- Assistant Director – Organisational Development
- Staff Representative
- Assistant Director of Finance
- Fundraising Officer

The Scheme of Delegation to Charitable Funds Bid Panel will, for unrestricted funds, include:
- Approval of Individual Items of Expenditure below £10,000
- Approval of expenditure plans submitted by ward managers,

Ward Managers

It is proposed that ward managers (and community equivalents as appropriate) would be allocated a budget that can be applied against the
agreed expenditure themes. As there is an overall intention to rationalise the number of funds no individual additional funds will be created for this. The process will be:

- Budget allocated – value & theme
- Budget holder to identify spend proposals
- Charitable Funds Bid Panel to review & approve
- Approved spend list submitted to procurement to procure.
INTRODUCTION

Cardiff and Vale UHB is one of the largest health organisations in the UK.

In a peer review of nine top hospital trusts for financial year 2009/10, Cardiff and Vale UHB General Purpose Charity achieves a 5th place raising a significant £1,483,378 of which £928,000 comes from donations and £221,000 from legacies. As there is no real obvious proactive fundraising, this figure suggests a great deal of satisfied customers that wish to show their gratitude to Cardiff and Vale UHB. There are pockets of proactive behaviour such as the neonatal family support network, a few capital appeals and some individuals/wards may be proactive of their own making. It is unclear to the author whether all funds are channelled through the UHB charity (the General Purpose Charity is referred to as the UHB Charity in this plan) or not. Certainly it is not the case for all donations made to improve services and facilities at UHB to be shown on the UHB books as such. The Noah’s Ark Appeal is a good example of this.

There are some hospitals/trusts (outside of the top hospital peer list) that achieve huge levels of income such as the Great Ormond Street Children’s Hospital and Guys and St Thomas. It is interesting to note that the latter achieved £11m of its £13.5m income from investment income as fund balances sit at £488.7m. Their donations income however, is on a par with Cardiff and Vale at £1.8m.

Oxford Radcliffe has an impressive fundraising operation achieving £2.68m in donations, £970,000 in legacies towards their £7m income in 2009/10. United Bristol’s own charity ‘Above and Beyond’ has a strong identity and achieves £3m however only £800,000 of this comes from donations and £721,000 from legacies. With £10m in the bank at Bristol, £999,000 was achieved from investment income alone. Both Oxford and Bristol have established and sizeable fundraising teams – 13 and 17 respectively. Guys have some 31 staff and GOSH 137. Leicester is on a fundraising par with Cardiff and their team has grown to 6 as they move forward with plans.

More research can be undertaken and when accounts are posted for 2010/2011 it will be most interesting to see whether the recession has made an impact or not.

The positive aspect to take from these comparisons is that Cardiff already achieves a credible result and it provokes thought into how high with focus and proactive behaviour, levels of fundraising could potentially rise. Key to success will be the much greater promotion of the work of the charity in terms of benefits to patients and services and translating funding priorities at UHB into fundraising campaigns. Other hospital charities are much clearer about
how their work supports the strategic aims and values of their respective trusts. In addition, the full support of the Board and the ward level staff as gatekeepers will be crucial. It is at ward levels that relationships with current and past donors are built through treatment, service and care. Harnessing this to maximise income and retain donors into the future is the way forward.

**CONTEXT ANALYSIS - EXTERNAL ANALYSIS**

**The market place**

- Cardiff and Vale has patients referred for specialist treatment from across Wales. Clinicians also run clinics across the Principality.
- It would appear that many satisfied customers give donations each year – but directly to wards rather than to the UHB charity.
- The UHB charity is not well known in the market place and lacks brand and identity.

**Customers**

- The broadest possible customer base; one of the few organisations that know their customers personally.
- Information not known about the quality of the charity database and whether donor details are recorded fully and systematically.
- It is assumed that there is little contact with donors from the UHB charity and it is not known whether every donor is thanked or whether there is any further communication with donors.

**Competitors**

- The UHB charity competes with every other charity in the market place.
- It also competes with the charities that have direct links to the UHB.
- There is no control over the relationship and behaviour of the ‘partner charities’

**Peer bench-marking**

Cardiff and Vale UHB has eight top hospital peers and comes out favourably in a review of fundraising in this group. The following is based on 2009/10 accounts:

**Total Incoming Resources**

- United Bristol (Above and Beyond charity) £3,047,000
- South Tees £2,542,000
- Newcastle £2,169,697
- Leicester £1,564,000
- Cardiff £1,483,000
- Blackpool £913,000
- East Kent £675,000
- Pennine £585,000
Durham £515,084

A review of voluntary income provides more clarity:

South Tees        £2,022,000  
Leicester         £1,564,000  
Bristol           £1,521,000  
Cardiff           £1,483,000  
Blackpool         £913,000    
Newcastle         £705,000    
East Kent         £556,000    
Pennine           £466,000    
Durham            £424,827    

Economic

• The current recession remains a large threat to fundraising within all charities.
• Low interest rates have meant that many charitable trusts have much lower amounts to give as grants making this source even more competitive.

Technology

• The UHB charity has no presence on the UHB website and has no website of its own.
• Social media channels are not utilised for the UHB charity.
• It is unknown whether the charity’s database is fit for purpose, how many records it holds and the quality of the records.
• The ability to track restricted donations is not known.

Social

• The work of the UHB charity is relevant to the lives of the local community of Cardiff and Vale and much of the Principality due to the provision of specialist services. It is relevant to the well-being of patients, staff and visitors and instrumental in the development of staff.
• The work of the charity is very poorly promoted.

INTERNAL ANALYSIS

Product

• The UHB charity probably has no meaning to the many people that benefits from its work. Donors give directly to the wards and clinicians that have been visible in their treatment.
• The work is tangible, local to Wales and emotive.
The work of the charity should help to realise the objectives of the UHB overall.

Promotion

- Virtually non-existent to potential and actual donors.
- Poor internal promotion to internal staff and other stakeholders.
- Donor communication is an unknown factor
- Very poor annual review in comparison to hospital peers.
- New materials and website will be needed.
- Vital to enthuse the public about the work of the charity (and UHB in general) to the public.

People

- Past incumbents have done little to enthuse others in developing the fundraising department and the work of the charity.
- Poor view of fundraising from internal staff and stakeholders.
- Vital to have adequate staff resources to move forward.
- Vital to have the support of the Board and ward level staff to enable changes to be made to working practices.

Office

- There is some space at CRI for the location of the fundraising office.
- Not accessible for the disabled

Strengths

- The amount of donations received is very significant which must suggest many satisfied customers.
- Direct contact with donors is a key advantage – however, the gatekeepers to much future success are the ward staff and clinicians.
- Staff lottery already up and running successfully
- There are significant opportunities to directly draw potential donors’ attention to the UHB Charity.

Issues/Weaknesses

- Operating in a severe recession
- Donations have dropped by 25% from 2008/9 to 2009/10.
- Lack of profile.
- Information about database not known – to be investigated.
- Communication with donors – to be investigated.
- Poor interest rates a threat to investment income.
- Lack of respect for fundraising at UHB.
- UHB charity partners – relationships to be clarified
- Income from charity partners currently not included in UHB accounts
• Relationship is between the donor and ward personnel/clinicians and not donor and UHB charity. This threatens donor retention.

Opportunities

• Brand development and promotion – including a new website
• Communication of the work of the charity to existing and new markets
• Social networking channels
• Donor analysis to begin retention and development programmes
• Revisit past supporters
• Income potential through unclaimed gift aid
• A clean sheet for future fundraising
• Unlimited potential for capital appeals
• Engage hospital staff
• Charity partners – a better working relationship

MISSION (AS REGISTERED WITH THE CHARITY COMMISSION)

The Cardiff and Vale Local Health Board General Purpose Charity covers the charitable objectives relating to the NHS services provided by the Cardiff and Vale Local Health Board. The work of the charity helps to enhance and support the services provided by the UHB which is primarily to provide day-to-day health services to around 500,000 people living in Cardiff and the Vale of Glamorgan.

Aims

To recover unclaimed income for the benefit of UHB patients, visitors and staff and to increase the levels of income in accordance with UHB plans.

To build a brand for the UHB charity and to communicate this strongly to target markets.

To review and, where appropriate, implement an efficient and effective fundraising operation.

Proposed Objectives

1. To set into place an efficient and effective fundraising operation. To review current operating practices and technologies and to make improvements where necessary.

2. To identify short, medium and long term income and to develop a fundraising plan and operation to realise this income.

3. To invest, where appropriate, into resourcing and supporting the work of the UHB Charity to ensure that the charity is properly equipped for success.
4. To identify and implement a donor/supporter retention and development programme.

5. To build a brand for the UHB charity and to implement a marketing communications programme.

**Objective 1** To set into place an efficient and effective fundraising operation. To review current operating practices and technologies and to make improvements where necessary.

- With immediate effect, introduce a one page donation form to be completed at ward level.
- Review all donations over the last 5-6 years to ascertain whether there is sufficient information to make a retrospective gift aid claim. Assess the potential income to be claimed.
- Contact all donors, where information is missing.
- Produce free post envelopes if possible.
- Review donor records, donor communication and systems.
- Profile past donors to inform strategy re future opportunities.
- Identify all grants made in 2009/10 to UHB projects/staff

**Objective 2.** To identify short, medium and long term income and to develop a fundraising plan and operation to realise this income.

- The short term income will come from gift aid claims
- Identify current and future projects at UHB and assess the potential for turning these into fundraising campaigns
- A detailed fundraising plan can be drawn up when this information is available. The information will provide the basis for the website, all printed materials and specific income promotions such as legacy marketing.

**Objective 3** To invest, where appropriate, into resourcing and supporting the work of the UHB Charity to ensure that the charity is properly equipped for success.

- The vision is one solid fundraising department at UHW that encompasses the Noah’s Ark Appeal within its activities.

The Noah’s Ark Appeal charity has yet to determine the future of its operation once phase two is built. It is assumed for now that it will remain a separate charity but this is something for serious consideration. There are many factors to take into account not least the anticipated needs of the Children’s Hospital for Wales and the future levels of fundraising. This will inform the necessary structure of the fundraising department.
• The Noah’s Ark Appeal currently has a team of 6, although only 3 staff are currently permanent. Recruitment has been delayed in the light of UHB developments in respect of moving forward with the fundraising department.
  - Director
  - Fundraising officer – events, corporate and fundraising development (temp)
  - Fundraising officer - individual giving – including volunteers (temp)
  - Communications officer (temp)
  - PA to Director and Chairman
  - Fundraising support officer – includes finance and donor thank yous.

• Recommendations for UHB

The proposed structure for Innovation and Improvement allows for a part-time Director with a shared support officer. This is not nearly enough resource to undertake the work that is needed to be done. The recommendations of this plan are:

**Recruit for a Fundraising Officer – estimated salary c£19k-£21k**

This post is to concentrate on individual giving, legacies and other forms of giving e.g. tribute funds. This is potentially a shared post with the Noah’s Ark Appeal but the workload is likely to be heavy especially during the first six months. It is difficult to estimate this until the quality of information taken at ward levels and recorded by the fundraising department is properly known. Given the current priorities of getting to grips with gift aid and donor relationships the recruiting of this post is an urgent requirement.

The Fundraising Officer will have to manage the content on the new website until the department and income levels are established; voluntary help or a graduate placement could assist with this

The scale of the gift aid task and ensuring that all donors have been recorded on the database at this stage is unknown. It may be necessary to recruit additional temporary help, whether a graduate placement, redeployment or freelance administrators.

**Recruit for a Fundraising Administrator – estimated salary c £18k/£19k**

This Fundraising Officer post will have to be supported by a full-time administrator who will deal with incoming donations and enquiries as well as helping to process gift aid claims. This post will record all donations on the database, track any restricted gifts and send thank you letters.

As a similar post already exists at the NAA, it is suggested that there is liaison between the two posts and that the new post is less senior to make
a future merger less complicated. It is highly likely that there will be 
enough work in the future to justify the two posts. The post at the NAA 
involves banking and finance as a key part of the role.

See Annex 1 for a proposed structure of a joint fundraising department 
assuming all current roles continue.

The Director will be able to work part-time on the following:

- Managing the UHB staff daily – based at CRI.
- Streamlining the donation forms
- Meeting ward level staff to introduce new systems
- Translating UHB future projects and current projects into fundraising 
campaigns/activities
- Developing a fundraising plan
- Developing a new website and marketing materials
- Overhauling any thank you letters
- Reviewing the database
- Advising with regard to any current fundraising appeals.
- Meeting with the Charitable Fund committee and take part in the grant-
making.
- Exploring relationships with charities linked to UHB.
- A part-time involvement will allow for existing commitments at the NAA 
to be fulfilled and systems up and running within two years.

- The UHB should be prepared to expand the team as workload and results 
evolve. The starting structure is the bare minimum needed.
- The new UHB Charity staff at CRI will need basic resources: 2-3 
computers with access to LHB network and the fundraising database.
- Expenditure
  - Staff salaries and on-costs – approx 60k
  - Computers and link to UHB network – unknown cost
  - Website £750 -£1000 – incorporating content management software
  - The development and production of new charity literature
  - Mailings to donors – at the very least a UHB charity newsletter needs 
to be despatched with information about current projects and the work 
of the charity to date.
  - Freepost envelopes to encourage the return of gift aid forms

**Much information at this stage is incomplete; these figures are an 
estimate only.**

- Budget year one: £80,000
  Income year one: £1.5m plus income from gift aid claims.

  Budget year two: £80,000
  Income year two: £1.75m – an estimated increase of £250,000
More accurate projections cannot be made at this stage.

**Objective 4. To identify and implement a donor/supporter retention and development programme.**

- Go through all records at ward level and within finance offices and cross reference with records on the fundraising database
- Profile donors and ascertain: preferred areas of support, gift aided donation, interest in receiving further information
- Obtain detailed work of the UHB charity to date and write up for promotional purposes – website and first newsletters
- Obtain information of current funding priorities of UHB by speciality/location
- Obtain future fundraising priorities
- It will be key to have the full support of all ward level and clinical staff to ensure that full records are completed when donations are made.
- The development of donors is a long term objective

**Objective 5 To build a brand for the UHB charity and to implement a marketing communications programme.**

- It is probable that as a charity, the UHB General Purpose Fund has low appeal to most people. The success in obtaining such high levels of donations is surely down to the treatment and care received and the relationship between patient and nurse/clinician.
- To widen the appeal to visitors and other stakeholders on both UHB premises and in external markets; make the charity more attractive to support – in terms of its visibility and the value of the work that it carries out.
- Detailed information of grants given, how they have helped and most importantly case studies and testimonials will be needed.
- It is recommended that of all grants in future made by the charity, it is a condition that a report, case study or testimonial is made by the recipient and this information will be used for publicity purposes, along with appropriate photographs.
- The charity must appear on the home page of UHB with preferably a link to its own site rather than to pages within the UHB site. This will be important for future SEO purposes, driving traffic to the site.
- Consideration should be seriously given to changing the name of the charity. A suggestion is Cardiff and Vale Hospitals Charity.
- New marketing materials should be developed that explain the work of the charity and promotional materials including posters be printed for display prominently across all UHB sites.
- A marketing communications plan will be drawn up to show:
  - The positioning of the charity as key to the wellbeing of local communities.
- Promotion and key messages to stakeholder groups including internal staff
- Use of social media channels
- Use of UHB channels including direct advertising within wards, waiting rooms and other appropriate locations.
- Proposed release of information to external organisations
- Promotion of the charity to past and present donors

- It is vital to have information on the UHB funding priorities and past investment of charitable funds
- It is vital to have the full support of the Board to be able to access the information held at ward levels and to ensure that any new systems to collect donor information are implemented properly.
Annex 1 Joint fundraising department - proposed structure

It is proposed that the following posts are required:

- Director of UHB charity/NAA – already exists
- PA/office Manager – already exists
- Senior charity support officer – finance NAA thank you/UHB thank you, database – already exists
- Fundraising Support officer – finance – UHB thank you, database NEW
- Senior Fundraising officer – UHB - NEW
- Fundraising officer – UHB - NEW
- Fundraising officer – NAA
- Marketing and Communications officer – NAA *
- Marketing and Communications officer – UHB – NEW *

* Possibly have one post more senior to the other.