

## Charitable Funds Committee

### Item 7.2c

## Minutes

**Date of Meeting:** Monday 26<sup>th</sup> January 2015  
**Time:** 8.30am  
**Venue:** Boardroom, Management Zone, Executive Offices

**Present:** David Bricknell, Non-Executive Director (in the chair)  
Ian Cartwright, Head of Financial Accounts  
Lucy Lavan, Associate Director of Corporate Affairs  
David Jago, Chief Finance Officer

**In attendance:** Neil Large, Chairman  
Jane Tomkinson, Chief Executive  
Jo Whittingham, Grant Thornton  
Tobin Aldrich, Tarnside Consulting  
Patrick Boggan, Tarnside Consulting  
Matthew Back, Communications & Marketing Manager  
Jennifer O'Brien, Secretary

**Apologies for Absence:** Mark Fuller, Non-Executive Director

1. **Welcome**  
David Bricknell opened the meeting by introducing himself and invited all attendees to introduce themselves. David Bricknell welcomed all those in attendance.
2. **Apologies for Absence**  
As given.
3. **Declaration of Interests relating to Agenda items**  
None.
4. **Strategy**
  - 4.1 Revenue Strategy Options Appraisal
  - 4.2 Fundraising Feasibility Review

Patrick Boggan opened the discussion on the LHCH fundraising strategy combining the discussion with the feasibility review and whilst the original focus of this study was the development of a Young Person's Long Term Condition Unit, it soon became apparent that the time frame given was not feasible considering the time lag associated with securing resources

via fundraising. He stated that this discussion was about;

- a) Making a strategy work and;
- b) Revenue fundraising.

Patrick Boggan then passed over to Tobin Aldrich to summarise the reports.

Tobin Aldrich summarised the report for capital and revenue fundraising and emphasised that it was the Hospital that controls this. Tobin Aldrich stated how decisions needed to be made on what strategic option would be best for LHCH but that strategic choices were required.

Tobin Aldrich explained that fundraising currently is reactive and did not seem to be a main priority for LHCH. He confirmed that what the Hospital is doing now in terms of fundraising is not going to make the fundraising income grow and it will eventually reduce.

Fundraising options available to LHCH were then discussed; it was noted that the Hospital had a good base from which to start from and the fundraising market is very buoyant with relatively strong performance throughout the Health Sector. Tobin Aldrich explained that there were 3 options available to take;

#### **Option 1-Fundraising as a Service Function**

Tobin Aldrich explained that this was basically to consolidate what the Hospital was currently doing; it would require a small investment and would maintain a modest level of overall income.

#### **Option 2-Fundraising as a Strategic Enabler**

This option is designed to grow the fundraising income significantly by securing larger gifts for specific projects, develop direct mail, members, current donors and the wider community, which would require more resources to be added to the fundraising team with more senior fundraisers and more prioritisation.

#### **Option 3-A Fundraising Hospital**

This option is designed to grow the Hospital's fundraising income substantially, where fundraising would be made a priority for the Hospital. Tobin highlighted that regular giving would play a major role in this strategy as in option 2 but by also developing a base of regular individual donors through a concentrated programme of investment in direct marketing based donor recruitment methods. Tobin explained that by year 5 with this option, he would expect the fundraising income to be at £3 million per year.

It was noted that the Hospital need to decide on their priorities and where fundraising fits with everything else that is going on at LHCH. Tobin Aldrich stated that it is imperative that any fundraising has to have the full support of the Hospital staff and clinicians.

David Bricknell said that the committee would have to ask what the Trust's ambitions would be with regards to fundraising strategy and what is the foreseeable need for Charitable Funds in the Trust; the Trust needed to develop an appetite to spend any Charitable Funds available.

Jane Tomkinson said that she thought the Hospital was not ambitious enough with regards to Charitable Funds and that it needed to use fundraising projects to raise the profile of the organisation externally and to involve staff a lot more. She stated that there was no doubt that a clearer strategy was needed. Staff needed to see Charitable Funds as a way to fund desirable projects in the future.

David Bricknell suggested that the committee needed to consider funding not only projects, but also activities that were not adequately funded by the NHS. For example if we could not recover Aortic activity costs through conventional NHS funding could the shortfall be covered by charitable funds? Jane Tomkinson agreed that it needed looking at with fresh eyes and that in the past Charitable Funds had simply been used to buy otherwise unfunded assets but they needed to explore new ways of spending the money and look at alternative ways to fund.

David Bricknell stated that he thought that, at a minimum, fundraising activity had to be sustained whilst the organisation's profile was raised as what was currently in place was merely administrative.

Neil Large referred to the benchmark data and explained that LHCH were doing fantastically well considering no real fundraising was taking place. Charitable Funds had to be used additionally and not as a substitution. Neil Large reminded the committee that any decisions made had to always link into the Hospital's mission of striving to always being the best.

David Bricknell expressed his concern that the level of current income reflected the tail of the big fundraising drive a few years ago. The money raised from that is now decreasing and nothing is being done to replace it.

Neil Large stated how the Hospital needed to put energy back into the current fundraising situation whilst driving forward with any new options.

Lucy Lavan stated how the Hospital needed a clear idea of what the money was going to be used for so when fundraising the donors were made aware of what their money will be used for. A decision needed to be made about what level of activity the committee wanted to recommend. Lucy Lavan highlighted that the committee had to remember that this is payment over time; there will undoubtedly be expenditure with some time lag before any inflow of funds.

David Bricknell asked what recommendation should be made to the Board as to the level of future activity of the Charitable Funds and which of the tabled fundraising options to support. David Bricknell stated how he thought the organisation needed to at least sustain the level of the recent past; to keep current contacts warm whilst generating new ones. The organisation needed to develop expertise internally and engage clinicians

in the process in order for any strategy to work. David Bricknell asked about putting option 1 to the Board as this required a minimal team to be put in place.

Neil Large asked if the donations had been analysed to discover why the donations had decreased. Lucy Lavan said that there has been nobody in place to push things forward; there has been nobody to be proactive. Neil Large commented that the Hospital needed to reignite what had been lost. Lucy Lavan will look into the fundraising income trend and provide an update at the next meeting.

LL

Tobin Aldrich said how it was not just about the staff and resources or lack thereof, of course if there has been nobody in an official fundraising post then obviously the income would decrease. Tobin Aldrich stated that successful fundraising was also about clarity over what you are fundraising for; what will people be selling and how.

Jane Tomkinson stated she thought option 1 was unambitious for a Trust like this, where we want to be the best and that she has really warmed to option 2.

Tobin Aldrich explained that LHCH is a good cause, is very popular with its patients and has a good constituency but it must be remembered that the investment made will have an impact on the money being generated. Tobin stated that in the Health Sector you can expect to spend 20 to 30% of the money raised on fundraising costs. Hospices were noted as a good comparative and there are 9 hospices in this region that generate approx. £2 million each per year.

David Jago stated how he thought it was harder for LHCH as they are funded by the tax payer and therefore the clarity around what the fundraising is for is imperative to encourage people to donate. David Jago stated how it was very important that Clinicians were onside.

Patrick Boggan stated that he agreed with David Jago's comments as their initial research concluded that Clinicians had a lack of belief that fundraising was needed or would benefit their field. Patrick Boggan highlighted that further research needed to be done into other Clinicians' areas of interest and their enthusiasm. Patrick explained how he thought there needed to be an internal debate over what the fundraising would be used for. Patrick said how LHCH needed the appetite and self-belief that they can fundraise successfully.

Neil Large commented how the Trust needed to get strategic vision, how a possible big ticket item would spark an interest or alternatively a theme that is continually refreshed.

Patrick Boggan confirmed how it was important to carry on collecting small donations alongside a large fundraising campaign. Patrick Boggan stated how the committee should expect 24-48 months to build a relationship with a new donor.

All members agreed that there needed to be a clear idea of what the

fundraising would be used for; David Jago made a comment about developing the Hospital's work in the community with a reach out programme. David Bricknell agreed, commenting that the committee didn't want to inhibit people's ambitions regarding Charitable Funds and Neil Large said how we had to show people what is available now that maybe wasn't 3 or 4 years ago.

It was agreed that the Committee would recommend to the Board that option 2 in the Tarnside report should be adopted, namely that a small fundraising team should be recruited with the aim of raising in excess of £1.5 million p.a., and that further work be done to ensure that there are consultant sponsored projects, whether capital or revenue, to support that ambition.

Lucy Lavan said that the Hospital urgently needed someone doing the support admin on a Band 3 and a Fundraising Manager and she would request that Tarnside help with the recruiting process as it is such a specialised field. The committee agreed to this. David Jago said that he would need to see Tarnside's Terms of Engagement first.

Tarnside are to prepare a proposal to support the search and recruitment of a professional fundraiser and clerical support post, but the remit, and therefore the seniority, of the fundraiser should include the possibility of a team envisaged in option 2. Recruitment is to proceed ASAP, subject to appropriate approvals but due to the urgency of the matter the decision will be made outside of the committee with an update provided at the March Committee meeting.

LL

David Jago and Lucy Lavan agreed to develop a case that will underpin the agreed strategy and form a basis of objectives for the new fundraising team.

LL/DJ

Jane Tomkinson left the meeting.

## **5. Charitable Funds Independent Trustee Model**

David Bricknell opened the discussion by explaining that the paper produced by David Jago was to outline to the trustees of the LHCH Charity the pros and cons and process of a possible transfer to an independently constituted charity.

David Bricknell highlighted that once the decision had been made to go independent the decision was irreversible and the Board would no longer have control over the funds and the Charity would have to work in parallel with the Board and not take its instructions from them.

Tobin Aldrich stated how he wouldn't advise a change at this time. Neil Large agreed and mentioned that the Board may look at the constitution of this committee as an alternative. David Jago thought this was a good point with the possibility of a sub-committee. Neil Large suggested building on what is already in place and possibly look at becoming independent in the distant future.

It was agreed that no steps would be taken to progress the independent trustee status at the present time. This decision can always be reviewed if the growth of the charitable activity supports the case.

David Bricknell would give a verbal update to the Board of Directors the following day and David Jago and Lucy Lavan were to provide a briefing report to March Board of Directors on this matter.

LL/DJ

Toby Aldrich, Patrick Boggan and Matthew Back left the meeting.

**6. Minutes of Meeting held on 24<sup>th</sup> November 2014**  
Noted and approved.

**7. Action Log (All)**

Item 1 This item was on-going and Ian Cartwright explained that although there had been no responses, some correspondence may have been sent to Mike Corcoran. Ian Cartwright agreed to check Mike Corcoran's emails and email fund holders once balances had been checked. Item to be kept as ongoing issue.

IC

Item 2 This item was discussed earlier in the meeting under agenda item 5. The item would be marked as completed and removed from the action log.

Item 3 This item was on-going with it being confirmed that a request for expenditure ideas would be put to Operational Board on 6<sup>th</sup> February as all Clinicians would be in attendance. An update would be provided to the committee in March.

Item 4 This item was discussed earlier in the meeting under agenda item 4 with a decision to be made outside of the committee due to the urgency, with an update to be provided at the March committee meeting.

LL

Item 5 This item was completed and was now to be removed from the action log.

**8. 2013/14 Annual Report & Accounts of LHCH Charity**  
8.1 LHCH FT Charity ISA 260 Report

Jo Whittingham stated that the recent audit was excellent and the differences have been noted.

No amendments were needed.

There was one material error which she is confident will now be altered going forward.

Jo Whittingham discussed how the level of cash balances is not clearly articulated and there is no strategic plan with regards to Charitable Funds. Jo Whittingham recommended articulating Charitable Funds better as they are very minor presentation issues.

David Jago stated that he was very happy with the audit.

David Bricknell requested the audit results earlier next year as the ambition was to have it to review in the November meeting. Jo Whittingham agreed that this would be something to be strived for next year.

David Bricknell would seek formal approval of the accounts at the Board of Directors Meeting on 27<sup>th</sup> January 2015.

## **9. Revised Terms of Reference**

Lucy Lavan explained that the terms of reference model was based on the Association of NHS Charities model.

Lucy Lavan would become a member of the committee replacing Dr Mark Jackson. However, it was agreed that Mark Jackson would be asked to attend the committee meeting once or twice a year when his input was needed over any Research & Development issues.

It was also agreed that once a fundraising strategy had been identified the Fundraising Manager (when appointed) and relevant Clinical Lead would be asked to attend.

It was agreed that the updated Terms of Reference would be taken to the Board in March for approval and adoption. LL

## **10. Review of Committee Business Cycle**

Lucy Lavan stated how this can be developed as the fundraising strategy moves forward.

David Jago stated that a note will be made in papers about what cash balances are being held for.

## **11. Finance Report**

Ian Cartwright presented the key points of the report explaining that April to December 2014 there was a contribution of £50k pro rata to Research & Development with a £61k positive balance year to date.

At the end of December 2014, the charity was credited with an income of £322k with an LHCH appeal fundraising income of £114k, £92k raised from other fundraising and a legacy income of £116k (£67k of which was an accrual) with the percentage of income to cost standing at 7.62%.

The Charity has £1.219 million in bank accounts with interest earned at £1874.38.

Charity Official Investment Fund (COIF) stands at £400k and is performing well.

Dividends on COIF are received quarterly, with the first two quarters totalling £16,950.45 representing an annual return of 5.65%.

Balance on Charitable Funds at the end of December 2014 was £1.622.7 million compare to the opening balance of £1.425.5 million.

There were 3 donations on appeal since last November totalling £9,386.

£7k was spent on the staff Christmas Party, £11,844 on salary recharges, £8,802 being spent on digital signage and £17,162 accounting for recharge costs on mini-mitral instruments. Robert Owen House had generated an income of £35k.

At the end of December 2014 there had been 11 payments totalling £13,600 to Quayside Catering giving a remaining balance of £6,400 against the annual approval of £20k.

At the end of December 2014 there had been 42 payments made to Booker totalling £17,871 leaving a balance of £4,129 against the annual approval of £22k.

Jo Whittingham reiterated the need to articulate cash balances better.

Ian Cartwright asked the Committee to note the financial position of the funds reported at the end of December 2014 as highlighted in the report.

**12. Any Other Business**

There was no other business to discuss.

**13. Date & Time of Next Meeting**

Tuesday 10<sup>th</sup> March 2015 2.30-4.00pm, Boardroom