### Trust Charitable Funds and Strategy

#### Council of Governors Meeting July 2012

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| Prepared By: | Russ Pearce  
Director of Marketing and Strategic Communications |
| Presented By: | Russ Pearce  
Director of Marketing and Strategic Communications |
| Main aim: | The purpose of this paper is to provide Governors with a summary briefing on the Trusts charitable status, income and possible future strategy. |
| Recommendations: | This paper is provided for discussion. |
| Previous Forum: | This paper has not been presented at other forums. |

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Trust Charitable Funds and Strategy

1. INTRODUCTION

1.1 A charitable Trust or foundation is a legal entity established by an individual or organisation to fund raise and/or set aside a proportion of assets or income for charitable causes with the intention of distributing money to benefit specific parts of society. They are registered charities and can be registered as companies or unincorporated associations and are governed by a trust deed which includes the charitable purposes that the trust will work within.

1.2 A charitable Trust is created when funds are accepted by a Trustee to be held and used for the benefit of a beneficiary. In the case of SWASFT these funds are managed by the corporate trustee, that is, the NHS corporate body and therefore the Trust’s board acts on behalf of the corporate trustee in the administration of the charitable funds. Trustees have a duty to ensure compliance, a duty of prudence, and a duty of care.

1.3 The right of an NHS trust to hold charitable funds derives from clause 16, part II, schedule 2 of the NHS and Community Care Act, 1990. Under that Act the Trust’s Board acts on behalf of the corporate trustee (i.e. the Trust itself) in the administration of the charitable funds. The funds covered here are designated charitable in line with the Charity Act 2011 in that the funds exist to provide public benefit, are for defined charitable purposes, and are used solely to further the objectives of the funds.

1.4 The charity is registered with the Charity Commission, registration number 1049230 and the charity is not responsible for the administration of any subsidiary charities. Upon the Trust achieving Foundation Trust status on 1 March 2011, the name of the Charity was changed to South Western Ambulance Service Foundation Trust Fund. In order to reflect this, Supplemental Deeds of Declaration were prepared in the Charity’s new name and copies sent to the Charity Commission in April 2011.

1.5 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.

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

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

Trust and Charitable Funds Committee

2.1 To support the Trust Board in discharging its duty as corporate Trustee, SWASFT has established a Committee of the Board known as the Trust and Charitable Funds Committee (hereafter ‘The Committee’). The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in its terms of reference.

2.2 The Committee is formally constituted by the Board in accordance with its Standing Orders, with delegated responsibility to make and monitor arrangements for the control and management of the Trust’s charitable funds and to report to the Trust Board. It meets at least once a year.

Membership

2.3 The Committee is appointed by the Board from amongst Executive and Non-Executive Directors of the Trust with not less than three members including one as Chair and the Executive Director of Finance is a required member. A quorum is achieved by two members.

Scope and Duties

2.4 The Committee is responsible for overseeing and monitor the functions performed by the Executive Director of Finance as defined in Standing Financial Instructions, including:

- to oversee the proper collection, accounting and distribution of the Trust’s charitable funds;
- to ensure that charitable funds are managed in accordance with the requirements of the Charity Commission;
- to ensure that under the powers of delegation the proper procedures for dispensation shall include an executive director not a member of the Charitable Funds Committee.

2.5 The Director of Finance is responsible for the Trust’s charitable funds as defined in the Trust’s Standing Financial Instructions, including:

- administration of all existing charitable funds;
- to identify any new charity that may be created (of which the Trust is a trustee) and to deal with any legal steps that may be required to formalise the trusts of any such charity;
- provide guidelines in respect of donations, legacies and bequests, fundraising and trading income;
- the management of investment of any funds held on trust;
- ensuring appropriate banking services are available to the Trust;
- preparing reports to the Trust Board including the Annual Accounts.
2.6 The Charitable Funds Committee is responsible for:

- ensuring that banking arrangements for the charitable funds are kept entirely
  distinct from the Trust’s other funds;
- requesting and reviewing reports on the receipt and distribution of all charitable
  funds that have taken place in the current financial year and details of the
  current balance of each fund in the Charity.

**Reporting Arrangements**

2.7 The minutes of the Committee meetings are formally recorded and submitted to the
Trust Board. The Chair of the Committee alerts the Trust Board to any issues that
require disclosure to the full Board or require executive action.

2.8 The Committee reports annually to the Trust Board on its work of supervising the
collection, accounting and distribution of all Trust charitable funds.

3. **PERFORMANCE**

3.1 The draft accounts for the 13 Months to 31 March 2012 are currently being audited and
have yet to be reviewed by the Committee.

3.2 The Accounts for the 11 months to 28 February 2011 were approved by the Committee
on 28 July 2011. These show a deficit of £983 which is the difference between
incoming resources of £272,191 and expended resources of £273,174.

3.3 Included in incoming resources were legacy bequests of £242,879, one of which was
for £235,879 to fund the purchase of two A & E ambulances for the Trust. This
generous bequest was gratefully received and was acknowledged by the Committee
and the Trust Board on 27 January 2011.

3.4 The Accounts show total donations of £28,866 and total expenditure for equipment and
staff welfare for stations and First Responders of £30,472.

**Consolidation of General Trust Funds**

3.5 Following the comments in the previous year’s Committee Annual Report a further
meeting took place in May 2011 with representatives of Unison and the Local
Consultative Committees on consolidation of station unrestricted funds by OLM area.
However, no agreement was reached to conclude this matter.

**Reserves Policy**

3.6 The Reserves of the Charity are represented by the total balance of the unrestricted
funds and at 28 February 2011 these totalled £49,654. This is a reduction of £4,243
since 1 April 2010 and is a position that accords with the Charity’s Reserves Policy.
3.7 At the Committee Meeting on 29 July 2010 it was agreed to clarify the Policy by the addition of an amendment to read “It is the intention of the Committee that funds are spent appropriately and that balances are not unduly high”.

**Fund Distribution and Expenditure**

3.8 The Trustee has a duty to spend charitable funds, with the exception of endowment funds, and not to allow them to accumulate. This expenditure must be in accordance with any explicit wishes of the donor.

3.9 Each charitable fund should have an expenditure plan detailing how the fund is to be spent and over what timescale. In general, items funded or purchased with charitable funds should be in addition to those provided through basic NHS care and should relate to one or more of several criteria including the:

- health of the Trust patient population;
- benefit of patients and/or carers;
- benefit of staff;
- Trust’s core values;
- Trust’s strategic goals.

4. **STRATEGIC CONTEXT**

**Fundraising**

4.1 In addition to the scope and duties of The Committee detailed at paragraph 2 above the Council of Governors at its meetings on 19 January and 21 March 2012 suggested the Trust consider placing a greater emphasis on actively raising funds to enhance the services already provided to patients.

4.2 Reviewing the charitable funds strategic direction makes some sense at a time of change within the NHS when there are considerable financial and other pressures; however, fundraising regulations can be quite varied and complicated depending on routes taken. It may therefore be necessary for members of the Committee to obtain professional advice before such activities are undertaken.

4.3 Given the current period of structural change in the NHS and the considerable financial and other pressures, it makes sense to consider a Trust strategy for charitable funds; however, fundraising regulations can be quite varied and complicated. It may therefore be necessary for members of the Committee to obtain professional advice before such activities are undertaken.

4.4 The choice of fundraising methods is the Committee’s decision and Committee members must ensure that any fundraising activities are sensitive to public opinion taking into account such issues as:

- the need for additional funds;
- other possible sources of funding including commissioners, grants, and government initiatives;
• collaborative relationships that may be effected by ‘competitive’ fundraising, for example, the Air ambulance charities;
• the potential for strategic collaboration and joint activities;
• public perceptions regarding publically funded organisations;
• the resources available to support fundraising;
• possible schemes and fundraising channels (i.e. legacies, donations, lottery schemes, cash collections);
• the proportion of gross receipts left after fundraising costs have been deducted.

Vision and Purpose

4.5 A key component in developing a charitable funds strategy is a statement of vision and purpose to describe aspirations and the intended impact on local patient health and healthcare provided by SWASFT.

4.6 The SWASFT charitable funds vision might be summarised as: ‘engaging support to enable additional investment to improve patient health and welfare by enhancing the environment and services provided by the Trust.’

4.7 The SWASFT charitable funds purpose might be summarised as to:

• continue to support healthcare improvements which enable people to live healthy lives;
• play a key role in the development of first class healthcare for the Trust’s patient population;
• ensure wherever possible charitable funds investment in local healthcare including prevention and wellbeing;
• work in partnership with other organisations and charities to achieve the greatest impact and promote first class healthcare;
• use the charitable funds to advance Trust priorities.

Strategic Priorities

4.8 A charitable funds strategy should focus on implementing its vision and purpose through maximising income via a range fundraising, gift aid, legacies, and marketing materials such as posters, leaflets and press releases.

4.9 Strategic priorities can best be achieved by working in partnership with staff, patients and the public and this commitment will underpin key strategic priorities.

4.10 The strategic priorities of the Trust charitable funds should be aligned to the Trust’s Corporate Objectives in order to support Trusts wider ambitions and commitments. Some key priorities for the next three years might be to:

• ensure that legacies and donations are maximised and applied in accordance with donors’ wishes in a way which maximises the contribution to enhancing both patient and staff healthcare, welfare and amenities;
• support the healthcare and welfare of patients through improvements to the patient environment, supporting staff training to improve patient care and the purchase of additional equipment;
• attract new funds and encourage fundraising through the development of a charitable funds strategy and programmes which raise the profile of charitable funds;
• promote, develop and implement specific projects via an integrated approach with partner organisations to focus effort and avoid duplication;
• ensure that the Investment/Reserve Policy maximises income and capital growth while complying with the requirements of Acts of Parliament and Trustee responsibility to minimise risk.

5. CHARITABLE FUNDS STRATEGY

5.1 There are many potential sources of charitable income and various ways of encouraging and enabling support; a summary list is provided at Appendix A.

5.2 An effective charitable funds strategy should maximise charitable income to enable the achievement of long term objectives and projects, whilst broadening the funding base and minimising administrative costs. Specifically a fundraising strategy should:

• increase the fundraising target over a three year period to enable delivery of agreed projects;
• increase the donor and funding base whilst collaborating with other local charities and partner organisations to maximise collective fundraising;
• develop a comprehensive fundraising plan of events;
• develop a programme to deploy volunteers for fundraising events and support volunteers to arrange their own fundraising activities;
• develop a legacies programme through relations with local solicitors;
• explore scope for attracting alternative funding through partnerships with local commerce, grants and charitable trusts;
• ensure that any methods and activities used to raise funds do not bring the Trust into disrepute;
• report progress on fund raising against targets to The Committee on a regular basis.

Marketing and Communications

5.3 A marketing a communications programme will help raise the profile of charitable funds in the Trust and local community to encourage increased income. The Committee should work closely with the Marketing and Strategic Communications Team to:

• develop a marketing and communications programme;
• ensure that the Trust is appropriately represented in any major fundraising appeal;
• help develop plans to raise funds for major appeals and projects;
• help develop and maintain links and communications with patient representatives and other local charities and media;
• develop communications and engagement throughout the Trust, local media, with patients and the wider community;
• to align activities with the wider Trust PPI\(^1\), engagement and FT membership agendas.

**Market Share and Competition**

5.4 Especially in austere times there is considerable competition amongst charities to secure public support; in addition, the public sometimes lack clarity over organisational distinctions leading to confusion over which organisations to support (i.e. various NHS Trusts, St John, Air Ambulance or SWASFT).

5.5 SWASFT is likely to be best served by working to increase the volume of new supporters and where appropriate collaborating with partner organisations to grow overall levels of support perhaps in return for proportionate shares of any income.

5.6 Collaborative approaches could include joint events and initiatives or agreements to ‘carve out' specific markets, events and initiatives for specific organisations.

**SWOT Analysis**

5.7 In considering the Trusts potential and ability to develop new markets and supporters and/or develop collaborative arrangements it is worth assessing a SWOT\(^2\) analysis from a charitable funds perspective. This analysis helps assess the strengths and weaknesses of the Trust which impact its ability to raise income through fundraising alongside the opportunities available to the Trust to increase charitable income and external threats which may impact the Trust’s ability to develop further streams of charitable income.

5.8 Any charitable funds strategy should aim to maximise strengths, access opportunities, address weaknesses and mitigate against threats. A basic Trust charitable funds SWOT analysis might suggest:

- **strengths:**
  - strong links with local and regional communities;
  - a dedicated and motivated staff base;
  - part of the NHS brand that positions what we do and our values;
  - general goodwill towards the NHS;
  - a high performing Trust;
  - a number of possible fundraising areas which could engender public support;

- **weaknesses:**
  - a lack of fundraising support and expertise;
  - no long term strategy for fundraising;
  - no specific opportunities and initiatives identified;
  - income has stagnated over recent years;

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\(^1\) Patient and Public Involvement
\(^2\) Strengths, Weaknesses, Opportunities and Threats
- funds raised sometimes go unspent;
- donations are not always linked to specific projects;
- donors are not made aware of what their donation has funded which discourages repeat giving and loyalty to the Trust;

• opportunities:
  - mitigate risk to the achievement of key strategic objectives in a challenging fiscal environment;
  - identify income streams to support important projects;
  - possible willingness from staff to support charitable income generation;
  - generate positive public support;
  - raise the Trust media profile and specific public interest issues;
  - media opportunities to feature staff and members of the public fundraising on the Trust’s behalf;
  - encourage repeat giving;
  - generate a stronger emotional appeal for donors;

• threats:
  - ability to raise funds during recession;
  - crowded fundraising market place and need to compete for attention;
  - inability to fully utilise existing charitable income;
  - a disjointed or reactive approach increasing chances of funds not being used for strategic objectives;
  - failure to plan fundraising activity and resources appropriately will impact on success.

5.9 It appears that most impact can be derived from considering specific projects for charitable income support then, wherever possible, translating these into local initiatives whereby donations can be directly put towards those projects which will resonate with local communities. Such projects may often involve supporting equipment funding, for example, to be used by Community First Responders.

Monitoring Success

5.10 If specific costed projects are identified for support then monitoring, perhaps against a forecast income trajectory, is relatively straightforward.

5.11 Some income, for example via legacies, may record specific requirements which must be honoured and the outcomes monitored against the donors requirements.

5.12 Other possible monitoring KPIs\(^3\) might include:

- income against target;
- expenditure against budget;
- income to cost ratio;
- potential major donors researched;
- number of ‘registered donors’;

\(^3\) Key Performance Indicators
• funder/donor face to face meetings;
• number of fundraising volunteers;
• success of collaborative arrangements.

6. CONCLUSIONS

6.1 To ensure that the Trust generates maximum strategic benefit from charitable funds and that any such funds are managed efficiently and effectively it is important to consider the SWOT analysis at paragraph 5.8 to help develop an effective charitable funds strategy.

6.2 A charitable funds strategy is likely to focus on local initiatives that can be monitored and communicated more effectively with specific donors and supporters.

6.3 A charitable income strategy should aim to grow support for the Trust by increasing the volume of new supporters and where appropriate collaborating with partner organisations on joint events and initiatives.

6.4 A charitable income strategy must identify effective KPIs to enable close monitoring and assessment and reporting of success.

6.5 Governors should engage with member constituencies to ascertain the levels of support for the broad principles discussed in this paper, including any obstacles and opportunities.

6.6 Through their membership engagement Governors should ascertain any specific details for those initiatives and projects that might best generate support.

Russ Pearce
Director of Marketing and Strategic Communications
July 2012
APPENDIX A
Potential Sources of Charitable Income

Corporate Giving

Corporate Social Responsibility (CSR) has led to an increase in charitable donations by corporate organisations over the past decade. Being associated with an organisation such as SWASFT, which is an important part of the regional community, could improve a corporate organisation’s image and reputation. Support from a corporate sponsor can help fund a more expensive publicity campaign or particular fundraising event. It is important that the Trust considers organisations that have similar values and support the Trust’s image and reputation. Whilst the recession has impacted on corporate giving there remains an appetite for this type of activity in the private sector. There is also potential for staff within sponsoring organisations ‘adopting’ SWASFT as their charity of choice.

Direct Marketing and Direct Mail Appeals

Direct marketing is commonly used by charities to solicit donations and has a proven track record of generating substantial income in the third sector. It is important to use direct marketing and particularly direct mail carefully. With the advent of web 2.0 technology the web is increasingly used to make appeals but direct mail still generates significant income.

Sponsored Events

Sponsored events such as Race for Life in aid of Breast Cancer research generate significant income for the third sector whether they are sponsored bike rides, runs or walks, they all capitalise on an appetite amongst the public to raise money for good causes at the same time as giving individuals a goal to achieve. Auctions, raffles and other opportunities also present a good opportunity to raise additional funds.

High Profile Individuals

The support of well known, wealthy or well-connected individuals can add credibility and publicity to the Trust’s fundraising activities. Any individuals approached should have similar public values to the Trust.

Legacies

Local people may be keen to support the Trust and give something back for the care and treatment they and/or loved ones received.

Community Fundraising

Harnessing the power of community groups and the relationships they build with local people is one way of engaging indirectly with members of the public.
Regular Giving

Encouraging people to give regularly via direct debit means that income tax can be reclaimed if the donor is a UK tax payer; however, this would involve some administration for the Trust.

Payroll Giving

Linking with local business to encourage their staff to give via their payroll or be the named ‘Charity of the Year’ can help generate income.

Celebration Gifts

Individuals can opt to have a donation made to their favourite charity in lieu of a birthday gift or gift for another celebration.

Bereavement Gifts

Individuals can opt to have a donation made to their favourite charity in lieu of floral tributes in the case of bereavement.

Gift Aid

The Trust may be able to reclaim the basic rate of tax on donations.

Staff Sponsors

Members of staff /friends and family could be encourage to raise money for the Trust through sponsored walks, runs and other sporting challenges.