

Oxford Health Charity
Trustee's Annual Report for the Year Ended 31 March 2015

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Introduction

The Oxford Health Charity ('the Charity') exists to benefit the patients and service users of the Oxford Health NHS Foundation Trust (and, in the case of a small number of funds, patients and others receiving the services of other parts of the National Health Service and related services). The bulk of the clinical services provided by the Oxford Health NHS Foundation Trust are funded, of course, from the NHS. In comparison to NHS funding the amounts of money available through the Charity are small, but often a relatively small amount of funding allows activities which NHS funding would not provide. Such funding may help to innovate or to ensure that patients and service users have a wider range of opportunities.

Objectives and Activities

The Charity's governing document is a trust deed dated 31 July 1996, as amended by supplemental deeds dated 6 October 2008 and 29 June 2011.

The objects of the Charity are to apply income for any charitable purposes relating to the NHS wholly or mainly for the services provided by the Oxford Health NHS Foundation Trust.

The main activities of the Charity are to provide public benefit by supporting the good health and welfare of patients and service users, carers and staff.

Achievements and Financial Review

The Charity Committee continues to maintain a close scrutiny of the expenditures within the Charity and the rules for these. The Expenditure Rules of the Charity were revised as necessary during the year.

The Charity Committee continues the programme begun in previous years of requesting expenditure plans for funds where significant sums are held or expenditure levels are low. The aim is to ensure that funds are applied to the benefit of patients and service users and are spent on a timely basis.

The Charity continued to be on a sound financial footing with total funds in management of £1,479,000 at 31 March 2015 (2014: £1,627,000).

Incoming resources grew slightly to £323,000 (2014: £311,000). This increase reflected a rise in donation income to £224,000 (2014: £184,000).

The voluntary fund-raisers who supported the Respite nursing for Oxfordshire's Sick Youngsters fund (ROSY) continued to raise significant sums for services to sick children in Oxfordshire. During the year ROSY raised £229,000 (2014: £185,000). £185,000 of this comprised donations, with the balance being grants and sales of donated second-hand goods. ROSY contributed £193,000 (2014: £210,000) to the Oxford Health NHS Foundation Trust to fund the equivalent of five full-time nurses providing children's respite nursing. This provides a level of respite nursing care which would not be available through NHS funding.

The Charity Committee set an objective for the year of moving to a more active fundraising approach. However, although useful work has been done in the year on increasing the profile of the charity among Oxford Health staff, it has not so far been possible to significantly increase the level of fundraising. This is an objective which the Charity Committee continues to keep under review, while being conscious of the limitations in the resources that can be devoted to this.

Resources expended rose to £580,000 (2014: £397,000), an increase of £183,000. This increase reflected the funding of various significant projects, including environmental enhancements and artwork at the Whiteleaf Centre (£80,000), equipping a room for staff training at Abingdon Community Hospital (£18,000), air conditioning units for patients and staff at Witney Community Hospitals (£12,000) and funding of a Trust wide pilot project to provide rapid access to muscoskeletal care for staff (£48,000).

The investments continued to be managed by Cazenove Capital Management Ltd on a discretionary basis. During the year there were gains on revaluation and disposals of the portfolio of £109,000 (2014: £33,000).

The principal financial challenge facing the Charity is the low level of general funds available. This issue is discussed in more detail in the Reserves Policy section of this report.

Future Plans

It continues to be a priority for the Charity to find ways of promoting fundraising activity. It is intended to hold a workshop in the second half of 2015 to allow Charity Committee members, key staff and stakeholders to review the strategic position. This will inform subsequent work on developing a fundraising strategy.

Work is also underway to merge funds in related areas, where legal restrictions over the purpose of particular donations allow. This will facilitate a more focused approach to the spending of charitable monies and better coordination with the strategy of the NHS Foundation Trust.

Investment Policy

Other than small amounts of cash at bank and funds related to the ROSY fund (discussed below) the Charity's funds are invested on a discretionary basis with Cazenove Capital Management Ltd. The Charity Committee regularly reviews the Charity's investment strategy, including the spread of asset allocation, appropriate benchmarks, and issues of social responsibility.

The Charity's investment objective is to maximise long-term returns (rather than short-term income), but with an emphasis upon capital preservation. The portfolio is operated on a discretionary management basis with Cazenove, allowing the investment manager more flexibility in responding to an investment market that remains volatile.

The Charity aims as far as possible to avoid investments in alcohol and tobacco. The investment policy allows Cazenove to invest in general funds, provided that these are reviewed quarterly to ensure no more than minimal exposure to alcohol and tobacco, and that investments are changed where necessary to ensure this. With property investments the Charity seeks to avoid investments which are predominantly related to alcohol and tobacco, and this is reviewed on an annual basis.

The Charity aims to maintain the allocation of the portfolio within allocated ranges. During the year the ranges were as follows:

	Range as at 31st March 2014 & 31st March 2015
Equities	35%-55%
Fixed Interest Bonds	20%-40%
Property	10%-30%
Cash	5%-15%

Subsequent to the year end the Charity Committee agreed a number of changes to the allocation ranges designed to allow the investment manager to adopt a more flexible approach and in particular to provide better management of risk in current market conditions. The allocation ranges in force from June 2015 were:

	Range from 1st June 2015
Equities	25%-65%
Fixed Interest Bonds	10%-40%
Property	10%-30%
Cash	5%-20%
Absolute Return Funds	<= 10%

The performance of the investment portfolio is monitored on a quarterly basis against an appropriate index for the class of investment concerned. In addition the performance of the portfolio as a whole is measured against an overall benchmark based on a weighted average of the individual indices.

Funds are held in respect of ROSY to cover the ongoing salary costs of providing respite care. This is considered to be a prudent approach given the staffing commitments that have been taken on to provide this service. These funds are held in cash in order to ensure that commitments can be met as they fall due and as short-term deposits are recognised as current asset investments in the accounts of the Charity.

The total investment cash holdings related to the ROSY fund are excluded from the target allocation ranges set out above. The ROSY cash holdings amounted to £370,000 (2014: £350,000). It is the intention of the Charity Committee to hold cash equivalent to approximately two years' salary costs in respect of the ROSY scheme, given that staffing commitments have been undertaken to provide the respite care, but the scheme is dependent on the continuation of active volunteer fundraising. Holding cash for these future costs means that, should the level of voluntary fundraising fall, the respite service would not be under immediate threat, and the Charity and the NHS Foundation Trust would have time to make appropriate plans.

Governance

About the Charity

Oxford Health Charity is registered with the Charity Commission (charity number: 1057285) in accordance with the Charities Act 2011. The Charity has a corporate trustee: the Oxford Health NHS Foundation Trust.

The members of the Oxford Health NHS Foundation Trust Board of Directors serve as agents for the Corporate Trustee. The Trust Board members who served in this way during the year were:

Non-executive Directors

Martin Howell, Chair
Sir Jonathan Asbridge (appointed 1st July 2014)
Mike Bellamy
Alyson Coates
Professor Sue Dopson
Dr Anne Grocock
Cedric Scroggs, Vice-Chair (Died 11th February 2015)
Lyn Williams

Executive Directors

Stuart Bell, Chief Executive
Dr Clive Meux, Medical Director
Ros Alstead, Director of Nursing and Clinical Standards
Yvonne Taylor, Chief Operating Officer
Mike McEnaney, Director of Finance

Martin Howell is Chair of the Oxford Health NHS Foundation Trust. Anne Grocock serves as Chair of the Charity Committee of the Oxford Health NHS Foundation Trust.

The Board of Directors has delegated day to day management of the Charity to the Charity Committee. This meets on a quarterly basis.

Charity Registered Number

1057285

Principal Office

The principal office of the Charity is:

Charitable Funds Department
Manor House
Headley Way
Headington
Oxford
OX3 9DZ

Bankers

Lloyds Bank Plc
87 London Road
Oxford
OX3 9AB

Solicitors

Beachcroft LLP
Portwall Place
Portwall Lane
Bristol
BS99 7UD

Independent Examiner

Deloitte LLP
Abbots House
Abbey Street
Reading
RG1 3BD

Investment Fund Managers

Cazenove Capital Management Limited
12 Moorgate
London
EC2R 6DA

Structure and Management

At 31 March 2015 the Charity was constituted of 84 funds (2014: 114). The reduction in the number of funds during the year was the result of a successful programme of reviewing and closing inactive funds and identifying funds which may be merged. This programme is on-going. None of the funds in the year or at year-end were endowment funds. The material funds (other than control funds) at 31 March 2015 were:

	£000
Respite nursing for Oxfordshire's Sick Youngsters (ROSY)	423
Abingdon Hospital Fund	73
Wallingford Community Hospital Fund	97
Service Redesign for Services within the Community	83
Oxford Cognitive Therapy Centre	55

The Corporate Trustee, in fulfilling its legal duties, ensures that funds are spent in accordance with the purposes of each fund and designates funds in accordance with the wishes of donors.

Non-Executive members of the Oxford Health NHS Foundation Trust's Board of Directors ('the Board') are appointed by the Oxford Health NHS Foundation Trust's Council of Governors. Executive members of the Board are appointed by Oxford Health NHS Foundation Trust under normal staff recruitment procedures. Neither they nor the non-executive members of the Trust Board are individual trustees under charity law. All Directors and Non-Executive Directors are provided with appropriate background information in relation to their management of the Charity.

Acting for the Corporate Trustee, the Charity Committee is responsible for the overall management of the Charity. The Charity Committee is required to:

- Apply the charitable funds in accordance with the Charity's governing documents and the Charities Act 2011.
- Prepare and communicate a statement of policy for all fundraising activities, their approval, monitoring and administration to ensure that such activities, including disbursements, adhere to statutory and other relevant guidelines.
- Supervise the proper investment and administration of the charitable funds. This is done in conjunction with the Director of Finance and the Audit Committee of the Oxford Health NHS Foundation Trust, and with the support of an administrative and accounting service from the Charitable Funds Department of the Oxford University Hospitals NHS Trust. The contract for this service was tendered in 2013/14.

The Trustee (the Oxford Health NHS Foundation Trust) delegates the day-to-day management of the Charity to its Charity Committee. The Charity Committee consists of 3 Non-executive directors and 2 Executive Directors of the NHS Foundation Trust, the Trust Secretary, a representative of the Trust's Finance Department, along with an external member. The external member is Mr Geoff Shepherd, who was formerly Chief Executive of the Guy's and St Thomas' Charity and brings to the Committee considerable expertise in the area of NHS charities.

The Charity Committee meets quarterly. At each meeting items of expenditure of amounts of £500 and above were reviewed and consideration was given to investment performance, management accounts and the stewardship of the funds.

Public Benefit

In exercising its duties and powers with regard to the Charity, the Corporate Trustee has complied with its duty under s17 of the Charities Act 2011 to have due regard to the guidance on public benefit issued by the Charity Commission. The Charity aims to serve the public benefit by promoting the welfare of the patients and service users of Oxford Health NHS Foundation Trust (and where appropriate patients served by other parts of the NHS or related services). This is carried out by: promoting improvements in care over and above that which would ordinarily be provided by the National Health Service; the purchase of equipment; improvements to the care environment; and by promoting activities that assist reintegration into the community. In addition, the Charity funds activities related to the education and welfare of staff of the Oxford Health NHS Foundation Trust where this leads to better standards of care and hence benefits patients and service users.

Consolidation of Accounts

HM Treasury has concluded that in compliance with International Accounting Standard 27, the financial position and results of NHS charities should be consolidated into the accounts of the related NHS body wherever that NHS body is the corporate trustee of the charity and therefore has the power to control and benefit from the charity which it administers as corporate trustee. NHS Charities remain independent, and charity law requires that trustees act in accordance with the charity's purposes and in the best interests of the charity and its beneficiaries and do not act on the policies or directions of any other body. Therefore when the Corporate Trustee considers the affairs of the Charity, although it does have control over those affairs, it is required to make decisions solely in the interest of the Charity and its beneficiaries and not in the interests of the NHS Foundation Trust.

Consolidation is only required where the figures are material to the accounts of the NHS body. In the case of Oxford Health NHS Foundation Trust, the NHS body is the corporate trustee of the Charity, but the figures related to the Charity are not considered to be material to the accounts of the NHS body, and therefore the charity figures are not consolidated within the accounts of that body.

It remains the case that the funds of the Charity can only be used for charitable purposes.

Partnership Working

Patients and service users of the Oxford Health NHS Foundation Trust are the main beneficiaries of the Charity. The Oxford Health NHS Foundation Trust is a related party by virtue of being Corporate Trustee of the Charity. By working in partnership with the Oxford Health NHS Foundation Trust, the charitable funds are used to best effect. When deciding on the most beneficial way to use charitable funds, the Charity Committee of the Oxford Health NHS Foundation Trust, acting as agent of the Corporate Trustee, has regard to the main activities, objectives and plans of the Oxford Health NHS Foundation Trust.

Reserves Policy

Under the Charities SORP 2005, charitable reserves are defined as income which becomes available to the Charity and is to be spent at the Trustee's discretion in furtherance of any of the Charity's objects, but which is not yet spent, committed or designated. The definition of reserves therefore excludes:

- Endowment funds
- Restricted funds
- Designated funds

Restricted Funds would be established where monies have been bequeathed or donated to the Charity which are subject to specific trusts, which limit their use to particular purposes, arising for example from restrictions imposed by the donor. Such funds would be held and used only when a purpose for which they are available arises

Unrestricted Funds comprise donations and other charitable income received for general purpose charitable use or where donors have expressed wishes as to how the funds might be used. Funds are often derived from unsolicited donations and/or from legacies and the levels of income are therefore unpredictable.

Where donors give monies for specific, but not legally binding purposes, these are placed in designated funds, which the Trustee chooses to use in accordance with the donor's wishes. These funds are administered by Fund Advisors in accordance with policies and procedures set by the Trustee. The funds are monitored in terms of expenditure plans, ensuring they are spent within a reasonable period of time. In line with the Charity Commission's guidance, a separate reserves policy is not required for these designated funds.

Within unrestricted funds, the Charity also holds net undistributed investment gains on unrestricted funds. The purpose of holding these monies is to protect the activities supported, by providing a buffer against future adverse market conditions. The Trustee aims for the balance held in this way to be not less than 25% of the market value of non-cash investments. At 31 March 2015 this balance amounted to £300,797 which was equivalent to 25.4% (2014: 20.9% £226,000) of the market value of non-cash investments. The increase in the buffer to the target level is very welcome. The level of the buffer will fluctuate from year to year depending upon movements in the market. The Trustee will endeavour to continue to maintain the buffer at a this level.

General Funds are those elements of the Unrestricted Funds which have not been designated for specific purposes and which are not being held as a buffer against future adverse market conditions.

General Funds	Balance at 31 March 2015	Expenditure 2014/15
	£	£
Oxon and Bucks General	2,274	1,614
Buckinghamshire Mental Health General	45,905	63,608
CHO General	339	3,767
Oxon CCG General	2,412	0
Marjorie Henderson Fund	23,251	4,674
Total Reserves Held	74,183	73,664

The general funds are derived primarily from donations which have been received over the years with no limitation of purpose, other than that the donors wished to support the work of the Foundation Trust or its predecessor bodies. The existence of such funds is of importance, both because it allows the Charity to react flexibly to new needs and current priorities, but also because they can be used to provide support where problems arise with projects that would normally be paid from designated (or restricted) funds.

The general funds at 31st March 2015 amounted to £74,183, which was 20% of the total charitable expenditure (excluding that on restricted funds) in the year then ended. At first glance this appears a comfortable level of reserves. However, that picture has to be qualified in that the history of the Charity reflects that of its associated NHS Foundation Trust, that is a series of mergers between different organisations dealing with different NHS services and different geographical areas. The result is that although the existing general funds have no specific purposes, they are not freely interchangeable between counties and between mental health and other community services. In particular, £45,905 of the reserves consisted of the Buckinghamshire Mental Health General Fund, and therefore only £28,278 was available to support activities in other areas of the Charity's work. This amounted to only 8% of the Charity's expenditure in the year.

The Charitable Funds Committee reviews the position on reserves on a quarterly basis and reviews the Reserves Policy on an annual basis. The Committee is concerned that, although the

overall level of reserves is satisfactory, the historic limitations on where they can be used mean that the ability of the Charity to react flexibly to either opportunities or challenges may be limited. The Committee has therefore taken a decision to create as soon as is practical a truly general fund, available to be used across all areas of its work, and where legacies for general purposes are received, will, where the terms of such legacies permit, allocate bequests to this new general fund.

Going Concern

The Trustee considers that the Charity has adequate financial resources and is well placed to manage the business risks that it faces. The Trustee’s assessment of the Charity’s position takes into consideration the current economic climate and its potential impact on the Charity’s sources of income and planned expenditure. The Trustee has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Trustee believes that there are no material uncertainties that call into doubt the Charity’s ability to continue in operation. Accordingly the accounts have been prepared on the basis that the Charity is a going concern.

Risk Management

The Charity maintains a risk register and during the year reviewed risks and the systems and procedures established to manage them.

The Charity has detailed Expenditure Rules which set out how funds can and should be used. These are subject to regular review.

The Charity’s investments are regularly reviewed by the Charity Committee, including the comparison of returns against suitable benchmarks.

Signed on behalf of the Corporate Trustee (Oxford Health NHS Foundation Trust)

Signed by.....

Date.....

Stuart Bell