

**SALFORD ROYAL NHS FOUNDATION TRUST GENERAL
CHARITABLE FUNDS**

**Annual report and accounts for the year ended 31st
March 2015**

Registered charity number 1049226

Principal office: Trust Executive, Stott Lane, Salford M6 8HD

Report of the Trustee for the year ended 31 March 2015

Foreword

The Corporate Trustee is pleased to present the Charitable Funds Annual Report together with the audited accounts for the year ended 31 March 2015. In this financial year, with thanks to the generosity of the public and organisations that support our Charity, £456k of income was received. During the year, £450k was spent by the Charity to complement the services provided by the Foundation Trust.

The Charity's Annual report and accounts have been prepared by the Corporate Trustee in accordance with Part 8 of the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008. The Charity's Report and Accounts include all the separately established funds for which the Salford Royal NHS Foundation Trust is the sole beneficiary.

Administrative Details

The Corporate Trustee of the Charity is the Salford Royal NHS Foundation Trust. The members of the Board who served during the year were as follows:

I Moston	-	Director of Finance from 1 st May 2014
S Kennedy	-	Acting Director of Finance to 28 th April 2014
J Potter	-	Chairman, Salford Royal NHS Foundation Trust
H Forster	-	Non-executive Member to 30 th September 2014
C Reilly	-	Non-executive Member from 1 st October 2014
J Willis	-	Non-executive Member
D Brown	-	Non-executive Member
A Williams	-	Non-executive Member
J Bibby	-	Non-executive Member
R Burns	-	Non-executive Member

Professional Advisers

The Charity had access to the following professional advisers during the financial year:

Bankers	Government Banking
Lloyds TSB Bank PLC	Service
King Street	c/o Citi Bank
Manchester	25 Canada Square
M2 4LQ	Canary Wharf
	London E14 5LB

**Investment Fund
Managers**

Investec Wealth &
Investment Limited
2 Gresham Street
London
EC2V 7QN

**Statutory Auditors,
Chartered Accountants**

Grant Thornton
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Solicitors

Hill Dickinson
1 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

The main charity, Salford Royal NHS Foundation Trust General Charitable Fund, was registered with the Charity Commission on 15 September 1995.

The Charity is constituted of 25 Specific Charities (2013/14: 25) further devolved into 165 Designated Funds (2013/14: 165). The Charity Commission expect at least one third of the opening balances to be spent within the year and an annual review is carried out to check whether there has been any movement on the funds. Where this has not been the case, we contact the Fund Holders who may agree that the funds be transferred to a similar fund within their directorate; this would then enable them to find a potential use for the funds. No such transfers took place in this year.

The notes to the Annual Accounts distinguish the types of funds held and disclose separately all material funds.

Charitable funds received by the Charity are accepted, held and administered as funds and property held on trust for purposes relating to the health service in accordance with the National Health Service Act 1977 and the National Health Service and Community Care Act 1990 and these funds are held on trust by the corporate body.

Trustee

The Salford Royal NHS Foundation Trust is the Corporate Trustee of the Charity governed by the laws applicable to Trusts, principally the Trustees Act 2000 and the Charities Act 2011.

The Foundation Trust's Board of Directors devolved responsibility for the ongoing management of the funds to the Charitable Funds Committee which administers the funds on behalf of the Corporate Trustee. This Committee was established on 9 June 2003 and has its own terms of reference and a membership comprising the Chair, all Non-Executive Directors and the Executive Director of Finance. The Committee meets at least three times each financial year and is quorate provided any two members of the Committee are present.

The Committee is supported by the Deputy Director of Finance and the Assistant Director of Finance. Representatives of the Investment Fund Managers and the External Audit team attend as required to provide specialist advice, feedback and support.

The Director of Finance for the Foundation Trust, under a scheme of delegated authority approved by the Corporate Trustee, has responsibility for the management of the Charitable Funds. Delegation of the responsibility for approving expenditure is set out in the Foundation Trust's Standing Orders.

The Assistant Director of Finance acted as the principal officers overseeing the day-to-day financial management of the charitable funds during the year.

Structure, Governance and Management

The Charity's General Fund was established using the NHS Charitable Funds' Model Declaration of Trust and all funds held on trust as at the registration date were either part of that unrestricted fund or registered as separate funds under the main Charity. Subsequent donations and gifts received by the Charity that are attributable to the original funds are added to those fund balances within the existing Charity.

The Corporate Trustee fulfils its legal duty by ensuring that funds are spent in accordance with the objects of each fund and by designating funds the Corporate Trustee respects the wishes of the donors.

Where funds have been received with specific restrictions set by the donor a restricted fund is established.

The charitable funds available for spending are allocated to specialties within the Trust's management structure. Each allocation is managed by use of a designated fund within the general unrestricted fund. For example within the general unrestricted fund of General Surgery and Gastroenterology Department Fund there are designated funds that include research and development in surgery, intestinal failure and surgical critical care.

Non-executive members of the Board are appointed by the Council of Governors and Executive Members are subject to recruitment by the Board of Directors. Members of the Board and Charitable Funds Committee are not individual trustees under Charity law but act as agents on behalf of the Corporate Trustee.

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

- Control, manage and monitor the use of the fund's resources.
- Ensure that in the conduct of its affairs the Charity fulfils all its legal responsibilities.
- Ensure that the investment policy approved by the Trust Board as Corporate Trustee is adhered to and that performance is continually reviewed whilst being aware of ethical considerations.
- Keep the Trust Board fully informed on the activity, performance and risks of the Charity.

The accounting records and day to day administration of the funds are dealt with by the Finance Department located in Turnpike House, 631 Eccles New Road, Salford, M50 1SY.

Risk Management

The major risks to which the Charity is exposed have been identified and considered. There are systems in place to mitigate those risks. The most significant risks identified are possible losses from the fall in the value of the investments and the level of reserves available to mitigate the impact of such losses. These have been carefully considered and there are procedures in place to regularly review the investment policy and to ensure that both spending and financial commitments remain in line with income.

The Charity's income and expenditure is monitored on a monthly basis to record trends and make recommendations to the Charitable Funds Committee as part of the risk management process.

Objectives and Strategy

The Charity's main fund has NHS wide objectives as follows:

'The Trustee shall hold the trust fund upon trust to apply the income, and at their discretion, so far as may be permissible, the capital, for any charitable purpose or purposes relating to the National Health Service'.

This is explained in more detail in the aims of the Charity approved by the Corporate Trustee which are:

To enhance the services provided by Salford Royal NHS Foundation Trust by:

- Providing support for staff education and training.
- Improving the environment for patients and staff.
- Providing benefits for the welfare of patients and staff.
- Providing health education for patients.
- Supporting the advancement of independent scientific and medical research on topics related to sickness and disease.

Ensuring that:

- All laws and regulations governing the acceptance and use of charitable funds are complied with.
- All specific donations are used for the purpose given.
- All general donations are used for the maximum benefit of the Trust, its staff and its patients.

The Trustee has due regard to the Charity Commission guidance on public benefit when reviewing and confirming these objectives.

Annual Review

During the year the funds continued to support a wide range of charitable and health related activities benefiting both patients and staff. In general they are used to purchase goods and services to complement those provided by the NHS. For example, during the year, the charitable funds were used to purchase reclining chairs and commodes for neurosurgery patients which enable them to improve their posture and redistribute pressure to alleviate soreness. Payments for equipment were either as a contribution towards the cost of the purchase or to purchase the equipment outright. The Charity's funds also help to advance education and training of staff by providing assistance for the costs of attendance at courses and conferences. The funds are also used to support medical research with an aim to promote health and improve treatment and care for patients.

Grants

Grants are normally made from the Charity's unrestricted funds – these comprise of two elements:

- The General Fund which is constituted from gifts received by the Charity where the donor has expressed no particular preference as to its expenditure. The fund is overseen by the Chief Executive with delegated authority passed to the Charitable Funds Committee and is targeted at areas and projects where there are no available Designated Funds.
- Designated Funds are funds where the donor has expressed a preference as to which ward or department the gift should benefit. Whilst this preference is not binding on the Corporate Trustee the Designated Funds reflect the nomination. The Designated Funds are overseen by Fund Managers working in the designated ward or department who make recommendations on how the money should be spent in their area. Fund Managers recommendations are generally accepted provided they meet the Charity's objects and these funds can be spent at any time.

Reserves Policy

The Charity maintains a policy which states that each fund should spend at least one third of its opening balances in the year unless there is an approved policy to hold balances for future use. The Corporate Trustee continued the strategy of only crediting investment income to those funds that have met this criterion during 2014/15. Any undistributed investment income is held in the Reserve Fund. During the year there was investment income of £112k (2013/14: £115k) and £305k (2013/14: £226k) of realised

and unrealised gains on investments. The Reserve has a balance as at 31st March 2015 of £1.8million. In previous years, the Reserve has been used as the fund that is allocated with the value of unrealised losses on investments. There are currently no future commitments held against the Reserve Fund.

Future Plans

The main aim of the Charity remains as in previous years 'to increase support for patient and staff welfare and education and to provide support for medical research throughout the Trust'.

The Charity's plans for 2015/ 16 include the liquidation of £500k of the investment portfolio to support innovative ideas and equipment to enable service redesign.

Financial Review

The annual accounts for the Charity for 2014/15 include comparator financial information for the previous financial year.

The net assets of the Charitable Funds as at 31 March 2015 were £4.38million (2013/14: £4.07million). The overall increase in net assets of £0.31million is attributable to the overall £0.31million reported unrealised and realised gains on investments, with income received on the funds marginally exceeding the expenditure by £7k.

Income

The Charity continues to rely on donations, legacies and investment income for its main source of funding which this year has again been supplemented by smaller sums received for the provision of training and education totalling 2%. Donations account for 39% of the Charity's 2014/15 income with legacies accounting for 35% and investment income 24%.

Income for the year increased by the small sum of £27k compared to the position reported at 31 March 2014. Income from legacies increased by £74k compared to the amounts received in 2013/14 and remains a valuable source of income for the Charity, used in accordance with the wishes of the donor to fund improvements in research, training and development, hospital environment or direct treatment by funding equipment purchases. Donations received decreased by £32k compared to the previous year.

Despite continuing uncertainties in the world's economies, the investment income earned during the year of £112k was in line with the £115k received last financial year.

Expenditure

Whilst the Charity's income has increased compared to the last financial year, the Charity's direct charitable expenditure has reduced by £116k compared to 2013/14.

The total costs of administering the funds including investment management costs was £105K this represents 2.4% (2013/14: 2.5%) of the total fund balances.

Medical Research

£137k was spent on research during the year, a reduction from £234k from 2013/14 following the completion of some of the research studies in 2013/ 14. This expenditure included £20k costs relating to a Physiotherapist engaged in orthopaedic research in developing new research investigations and ensuring these are undertaken ethically, £30k laboratory costs for Urology research and a further £20k was spent during the year on a joint project with the University of Manchester undertaking research into factors leading to complications for patients with type 2 diabetes.

Purchase of Equipment

Expenditure of £26k (2013/14 £40k) on equipment purchases during the year allows the Trust to enhance the provision of clinical care throughout the Trust. This included a reclining chair to improve the clinical experience of Neurosurgery patients and a tilting commode which redistributes the patients weight to alleviate pressure.

Staff Education and Welfare

Of the £218k (2012/13 £232k) spent on staff education and welfare, £99k was spent on supporting staff in attending training courses and conferences.; One such event was a Dermatology training event for staff at Salford Royal Hospital and other healthcare organisations who contributed to the costs. Providing access to training and development for staff beyond mandatory requirements gives opportunities for staff to establish wider professional networks, to receive training and development from leading individuals working in their chosen specialty and promotes better, safer care for patients. The Charity also makes a contribution to the cost of annual Seasonal Team Building events.

Management Costs

The Charity has no directly employed staff and relies on the Trust to provide administrative and financial services for which it made a charge of £35k in the current financial year (2013/14 - £35k). The service includes the day-to-day management of the funds and the preparation of all statutory reports and returns. In addition, all funds held for the purposes of research have been charged a fair share of a further management cost charge of £35k (2013/14 - £35k) reflecting the additional resource required to administer these funds.

Investments

The Charity's investments are managed by the investment managers on a discretionary basis with an objective to provide a balance between capital growth and income whilst maintaining a medium level of risk. The Charitable Funds Committee receives regular updates from the investment advisers including formal quarterly reports and uses this information to review and confirm the policy on managing the portfolio.

The Corporate Trustee has adopted an ethical investment policy for the Charity as follows:

'As the Trust is required, as part of the NHS, to promote health and to provide healthcare, there shall be no investment in companies or other organisations whose main or principal business is perceived as injurious to health or is life threatening. Included within this broad criterion are firms involved in the manufacture of cigarettes, alcoholic beverages, armaments, explosives or guns'.

Despite global financial uncertainties widely reported in the media during the financial year, the investment portfolio performed well ending the year with a total gain of £305k (2013/14: £226k). The Charity's investments made an unrealised gain of £269k in 2014/15 compared to an unrealised gain of £196k in 2013/14. The overall gain on the sale of investments amounted to £36k during the year, compared to a realised gain of £30k reported in 2013/14.

Cash Held on Deposit at 31 March

	2015	2014
As part of investment portfolio	229	156
At the Government Banking Service	23	23
In Lloyds TSB	154	370
Cash relating to community services funds	-	-
Total	<u>406</u>	<u>549</u>

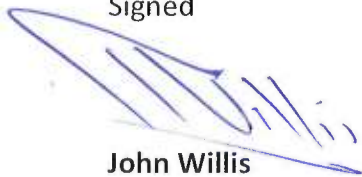
All cash held as part of the investment portfolio is held in a nominee account with Investec Wealth and Investment Limited.

As always

The Corporate Trustee would like to thank all patients, relatives, members of the public and other supporters who have made charitable donations during the year.

Approved on behalf of the Corporate Trustee

Signed



John Willis
29th October 2015