

CHARITABLE FUND INVESTMENT POLICY	Type: Policy Register No: 16018 Status: Public
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Developed in response to:	Best practice
Contributes to CQC Regulation	17

Consulted With	Post/Committee/Group	Date
Stephanie Watson	Interim Chief Finance Officer	March 2016
Yvonne Carter	Charitable Funds Administrator	March 2016
Professionally Approved By	Charitable Funds Committee	April 2016

Version Number	1.3
Issuing Directorate	Corporate Services
Ratified by:	DRAG Chairman's Action
Ratified on:	24 th May 2016
Trust Executive Sign Off Date	June 2016
Implementation Date	24 th May 2016
Next Review Date	Extension agreed to 30 th June 2020
Author/Contact for Information	Belinda Butt
Policy to be followed by (target staff)	All Trust staff
Distribution Method	Intranet, Website,
Related Trust Policies (to be read in conjunction with)	Standing Financial Instructions Standing Orders Scheme of Responsibility, Authority & Decision Scheme of reservation & Delegation Charitable Funds Policy

Document Review History

Version No	Authored/Reviewed by	Issue Date
1.0	Belinda Butt	24 th May 2016
1.1	Belinda Butt – 3 month extension: awaiting submission to the Charitable Funds Committee	6 th June 2019
1.2	James Day – policy deemed as fit for purpose up until the expected date of merger on 31st March 2020 by the Charitable Funds Committees meeting in Common	22 nd July 2019
1.3	James Day – policy deemed as fit for purpose up until well into the merger by the Charitable Funds Committees meeting in Common	23 rd March 2020

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1.0 Purpose

- 1.1 As a prerequisite for complying with standards of the Charity Commission, this document sets out the Trust's policy to be followed in relation to the investment of the Charitable Fund.
- 1.2 The overall objective is to ensure that there is an approach to the management of the Charitable Fund, which is communicated to and available to all staff.
- 1.3 The Charitable Fund is governed by Trust Deed. The Charitable Funds Committee is responsible for administering and managing the Charitable Fund.
- 1.4 In accordance with the Charitable Fund's declaration of Trust, members of the NHS Trust's Board of Directors act as ex-officio Trustees of the Charitable Fund. The executive and non-executive members of Mid Essex Hospital Services NHS Trust Board of Directors are appointed through the normal recruitments, training and induction processes for those positions.
- 1.5 The Trustee, through the Charitable Funds Committee, is responsible for controlling expenditure and also for investment policy and decisions. In all decision making, consideration is given to the Charity Commission's general guidance on public benefit 'Charities and Public Benefit'.
- 1.6 Mid Essex Hospital Services NHS Trust acts as sole corporate Trustee to the Mid Essex Hospital NHS Trust Charitable Fund, and as such is a related party.

2.0 Scope

- 2.1 Under the Trustee Act 2000, it is a legal requirement, if the Trustee delegates their investment function to an Investment Manager, to decide on an investment policy for their charity, and record it clearly in writing. The Trustee should then keep the policy under regular review.
- 2.2 This policy governs the investment strategy of the Charitable Fund, and lays down the proper procedure for the investment of the funds.
- 2.3 The Investment Manager will make those decisions within the framework of the investment policy which the trustees have formulated.
- 2.4 The aim of the Charitable Fund is to use the income and capital for charitable purposes relating to the National Health Service.
- 2.5 The Charitable Fund is not set up for the relief of financial need.

2.6 The majority of the Charitable Fund's income is from donations and legacies, and a small amount of income generated from research and courses.

3.0 Definitions

3.1. In this policy:

- "the Trust" refers to Mid Essex Hospital Services NHS Trust;
- "Trustee" refers to "Mid Essex Hospital Services NHS Trust which is the appointed Corporate Trustee of the Charitable Fund. The Trust Board serves as the Trust's agent in the administration of the Charitable Fund";
- "Committee" refers to the "Charitable Funds Committee";
- "the Charitable Fund" refers to "Mid Essex Hospital Services NHS Trust Charitable Fund";
- "Fund-Holder" refers to "a member of staff who has accepted responsibility for running a Designated Fund in accordance with the Trust's "guidance for managing a designated fund";
- "Investment Manager" means an individual or a corporate body appointed by the Trustee to advise and make investment decisions on behalf of the Charitable Fund in accordance with the governing instrument and with the Trustee Act 2000.

4.0 Duties and Responsibilities

4.1. The Trust Board

4.1.1. The Trust Board is the Corporate Trustee for any funds held in trust, either as charitable or non-charitable funds, and is responsible for establishing a Charitable Funds Committee to administer the Charitable Fund in accordance with any statutory or other legal requirements or best practice required by the Charity Commission.

4.2. Charitable Funds Committee

4.2.1. The Charitable Funds Committee ("Committee") acting on behalf of the Board of Mid Essex Hospital Services NHS Trust, which is the Corporate Trustee of the Charitable Fund, is responsible for:

- Overseeing the conduct and propriety of the Trust's stewardship of funds held in the Charitable Fund
- Establishing an investment policy for ratification by the Trustee
- Establishing an reserves policy for ratification by the Trustee;
- Development, management and implementation of this policy

- Appoint investment advisors

4.2.2. The Terms of Reference of the Committee can be found on the Trust's intranet.

4.3. **Chief Finance Officer**

4.3.1. Under the Trust's Scheme of Delegation, the Chief Finance Officer has overall responsibility for maintaining an effective system of financial control, including ensuring detailed financial procedures and systems are prepared and documented.

4.4. **Charitable Fund Accountant**

4.4.1. It is the responsibility of the Charitable Fund Accountant to:

- Provide the Committee with the appropriate management and investment reports at each meeting;
- Apportion realised income generated from the investments to the Charitable Fund in accordance with the procedures contained within the Charitable Fund policy;
- Reconcile the value of the investments, as notified quarterly by the Investment Manager, to the Charitable Fund ledger.

5.0 **Procedure**

5.1 **Key Related Trust Policies and Documentation**

5.1.1 Scheme of Responsibility, Authority & Decision - defines the control framework for committing Trust resources. The Scheme identifies which functions the Chief Executive shall perform personally and which have been delegated to other Directors or Officers.

5.1.2 Standing Financial Instructions - provides a business and financial framework within which all executive directors, non-executive directors and employee of the Trust will be expected to work

5.2 **Investment powers**

5.2.1 The assets of a charity must be invested in accordance with the governing instrument and with the Trustee Act 2000.

5.3 **Investment Policy**

5.3.1 The primary investment objectives are capital preservation and income generation for the benefit of the Charitable Fund. However expenditure of monies will always be preferred to investment.

- 5.3.2 The overall objectives are to create sufficient income and capital growth to enable the Charitable Fund to carry out its purposes consistently year by year with due and proper consideration for future needs and the maintenance of, and if possible, enhancement of the value of the Charitable Fund.
- 5.3.3 Investment decisions are taken by the Trustee on the recommendations of the Committee.
- 5.3.4 The Committee will review the investment policy annually and recommend any changes to the Trustee based on the delivery of the Charitable Fund's strategy and the balance of income and investment required to deliver it.
- 5.3.5 Year on Year Investment Income Cash flows will be sufficient to pay Charitable Fund Shared Support costs including an auditor, administrator, fundraising co-ordinator and overall fund management. If at the end of the financial year the aforementioned costs exceed the cash flow the committee will be notified, the investment portfolio will be reviewed and remedial action will be voted on.
- 5.3.6 Both capital and income may be used at any time for the furtherance of the Charitable Fund's aims.

5.3.7 Standard Criteria:

Objective	High Income
Risk	Medium
Mandate	Wealth Charity Service High Income Strategy
Service Level	Discretionary
Time Horizon	Nominally 10 years

- 5.3.8. The objectives are to be achieved by investing prudently in a broad range of fixed interest securities and equities which are quoted on a Recognised Investment Exchange and alternate markets which are authorised under the Financial Services and Markets Act 2013.

5.4. Ethical considerations:

- 5.4.1. The Trustee wishes there to be no ethical restriction on investment funds.

5.5. Investment Manager

- 5.5.1. An authorised person within the meaning of the Financial Services and Markets Act 2013, are appointed Investment Manager with delegated discretionary powers of investment, subject to the scope and limitations above. They have confirmed, by signing this policy, that they will comply with the policy and arrangements, including the reporting requirements set out below, and that they will not depart from them save with the express approval of the Corporate Trustee.
- 5.5.2. Remuneration — the basis on which the Investment Manager is to be remunerated is in accordance with the contract issued to the provider.

5.5.3. Insurance — The Investment Manager will provide evidence of the firm's insurance cover on request.

5.6. Reporting Requirements

5.6.1. The Charitable Fund financial year end is 31 March.

5.6.2. The Investment Manager will provide reports on a quarterly basis, to include:

- a full listing of the investments with details of their cost, current market value, estimated income and income yield; this information shall, in any event, be provided as at 31 March each year;
- statistics detailing the fund's performance;
- details of purchases, sales and realised gains and losses since the previous report;
- details of any non-market transactions, right issues, capitalisations, etc;
- outlook for the markets;
- Investment Managers' review.

5.6.3. The Investment Manager will attend a Committee meeting at least once a year or meet with the Chair of the Committee and the Chief Finance officer.

5.7. Dividends and Interest

5.7.1. Dividends and interest are paid away on a quarterly basis.

5.7.2. The Trustee may reinvest all the surplus income.

6.0 Monitoring

6.1 The foregoing policy and arrangements will be reviewed annually by the Committee, and ratified by the Trustee. Any changes must be given in writing.

6.2 Audit will be performed as part of Internal Audit's systems audits, and External Audit's Interim and Year end audits.

7.0 Implementation and Communication

7.1 Finance, the Charities team and members of the Charitable Funds Committee have been involved in the development of this policy

7.2 The launch and implementation of this policy will be through the Charitable Funds Committee and Trustee.

7.3 This policy will be available to staff on the Trust intranet and website. It is the responsibility of all staff to make sure they have read it.

8.0 Signatories

8.1 Authorised parties

The following parties are authorised by the Trustee to issue instructions to HSBC Global Asset Management.

- Chair Charitable Funds Committee
- Chairman
- Non Executive Director
- Chief Finance Officer

8.2 Payments to the bank, third parties or changes to investment policy require two signatures.