

Charitable Funds

Annual Report

2021/2022



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Foreward

Herefordshire and Worcestershire Health and Care NHS Trust Charitable Fund. This document records the activities and Financial Accounts for the financial year 1 April 2021 to 31 March 2022.

The Charity’s report and accounts include all the separately established funds administered for the public benefit by Herefordshire and Worcestershire Health and Care NHS Trust on behalf of the Charity. All the charitable funds held are for the benefit of patients and staff, their carers and the communities served. The patients of Herefordshire and Worcestershire Health and Care NHS Trust are the main beneficiaries of the Charity.

The Charity has a corporate trustee, Herefordshire and Worcestershire Health and Care NHS Trust. The members of the NHS Trust Board who served during the financial year were as follows:

Mr M. Yates	Chair
Mrs S. Dugan	Chief Executive
Dr J. Devapriam	Medical Director
Ms M. Greateorex	Director of Nursing and Quality
Mr R. Mackie	Director of Finance and Deputy Chief Executive
Mr M. Hall	Chief Operating Officer
Ms J. Snell	Non-Executive Director
Mr S. Peak	Non-Executive Director
Mr J. Morris	Non-Executive Director
Ms T. Norris	Non-Executive Director
Mr M. Charters	Non-Executive Director
Ms J Clarke	Non-Executive Director

The Charity is registered with the Charity Commission (No.1060335) in accordance with the Charities Act 2011.

Reference and administrative details

The Charity was registered on the Central Register of Charities on the 23 January 1997 under its predecessor name Worcestershire Mental Health Partnership NHS Trust Charity. The Charity comprises of a single fund following the consolidation of 10 linked charities as at 12 July 2017. For administrative purposes the notes to the accounts distinguish the types of fund held and disclose separately all material funds.

In April 2020 the Trust took over responsibility for mental health and learning disability services in Herefordshire, and in turn the charity has updated its name inline with the Trust which better reflects the broader services we provide and the wider community we serve.

Charitable funds received by the Charity are accepted, held and administered as funds and property held on trust 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 Trustee.

Trustee

Herefordshire and Worcestershire Health and Care NHS Trust is the Corporate Trustee of the Charity governed by the law applicable to Trusts, principally the Trustee Act 2000 and the Charities Act 2011.

The NHS Trust Board has delegated the authority for the management of the Charity to the Trust's Charitable Funds Committee which administers the funds on behalf of the Corporate Trustee. This committee was formed in January 1997 to increase the profile of the charitable funds within the organisation and to enhance the management structure of the Charity. The Committee meets at least three times a year to review:

- Performance of investments
- Spending priorities
- Fundraising requests
- Agree use of legacies received
- Governance arrangements
- Report to the Trust Board on activity, performance and risks of the Charity

The names of those people who served as agents for the Corporate Trustee, as permitted under regulation 16 of the NHS Trusts (Membership and Procedures) regulations 1990 were as follows:

Mr M. Yates - Chair of Charitable Funds Committee (April to July 2021)
Ms J. Snell - Chair of Charitable Funds Committee (appointed July 2021)
Mr S. Peak - Non-Executive Director
Mr J. Morris - Non-Executive Director
Mr R. Mackie - Director of Finance and Deputy Chief Executive
Ms J. Austin - Associate Director of Countywide Community Services
Mr C. Lavalette - Head of Finance (Systems and Reporting)
Mr I. Burrows - Brewin Dolphin (Investment Advisor)

Attendance at the Charitable Funds Committee in the financial year was as below:

	May 2021	August 2021	November 2021	February 2022
M Yates	✓			
J Snell		✓	✓	✓
S Peak	✓	✓		✓
J Morris		✓	✓	✓
R Mackie	✓	✓	✓	✓
J Austin	✓	✓	✓	✓
C Lavalette	✓	✓	✓	✓
I Burrows	✓	✓	✓	✓

Principal Charitable Fund adviser to the Board

The Chairman of the Charitable Funds Committee, under a scheme of delegated authority approved by the Corporate Trustee, has day-to-day responsibility for the management of the charitable funds and must personally approve, on behalf of the Corporate Trustee all expenditure above £2,000 using their delegated authority and will seek approval from the Committee for any expenditure in excess of £7,500.

The Charitable Funds Committee advises the Trust Board about the use of the charitable funds and oversees the day-to-day operation of those funds.

Legal and Administrative

The principal office for the Charity is:

Finance Department

Herefordshire and Worcestershire Health and Care NHS Trust

2 Kings Court

Charles Hastings Way

Worcester

WR5 1JR

Legal advisers

Mills and Reeve

78-84 Colmore Row

Birmingham

B3 2AB

Bankers

Lloyds Bank PLC

The Cross

Worcester

Worcestershire

WR1 3PY

Investment advisers

Brewin Dolphin Ltd

9 Colmore Row

Birmingham

B3 2BJ

External auditors

Grant Thornton UK LLP

2 Glass Wharf

Bristol

BS2 0EL

Internal auditors

CW Internal Audit

Wayside House

Wilsons Lane

Coventry

CV6 6NY

1. Charity governance, structure and management arrangements

The Charity was established using the statutory remit contained within the NHS Act 2006 and all funds held on trust as at the date of registration were part of this 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 objectives of each fund. By designating funds, the Trustee respects the wishes of our generous donors to benefit patient care and advance the good health and welfare of patients, their carers and the staff who look after them. Where funds have been received which have specific restrictions set by the donor, a restricted fund will be established.

Members of the Trust Board and the Charitable Funds Committee are not individual trustees under charity law but act as agents on behalf of the Corporate Trustee. Non-Executive members of the Trust Board are appointed by the NHS Improvement and Executive members of the Board are subject to recruitment by the NHS Trust Board.

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

- i) Control, manage and monitor the use of the Charity's resources for the public benefit, having regard for the guidance issued by the Charity Commission.
- ii) Provide support, guidance and encouragement for all its income raising activities whilst managing and monitoring the receipt of all income.
- iii) Ensure that "best practice" is followed in the conduct of all its affairs fulfilling all of its legal responsibilities.
- iv) Ensure that the Investment Policy approved by the Corporate Trustee is adhered to and that performance is continually reviewed whilst being aware of ethical considerations.
- v) Keep the Trust Board fully informed on the activity, performance and risks of the Charity.

The Corporate Trustee has complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

The Charity does not employ any staff and in order to keep transaction costs to a minimum and to simplify the process, the Charity relies upon staff employed by the Trustee to identify the appropriateness of funding requests.

The charitable funds available for spending are allocated to specialities within the NHS Trust's Service Delivery Unit management structure. Each allocation is managed by use of designated funds within the Charity.

The accounting records and the day-to-day administration of the funds are dealt with by the Finance Department located at Herefordshire and Worcestershire Health and Care NHS Trust, 2 Kings Court, Charles Hastings Way, Worcester, Worcestershire, WR5 1JR.

1.1 Training and development

The Charity takes an active role in the training and development of Trust Board members. Where new Board Members are appointed they receive individual induction training and are provided with information about the Charity, including:

- the governing documents;
- the Charitable Funds Committee terms of reference;
- the Charity's latest annual report and accounts;
- investment principles;
- policies and procedures; and
- information about trusteeship, including the Charity Commission's 'Charity trustee welcome pack' and other Charity Commission guidance specific to NHS Charities.

Additionally the Charitable Funds Committee will arrange further training as appropriate.

1.2 Risk management

The Charitable Funds Committee reviews the performance of the fund on a quarterly, year to date and annual basis. Items reported to the Committee include the value of the investments compared with the previous quarter, the balance of cash reserves held throughout the year, the amount of income and expenditure for the quarter and future spending plans. Any potential risks arising from the report are highlighted in the meeting and discussed.

After each meeting of the Charitable Funds Committee, the Chair presents a report to the Board of Directors in order to update it on the most recent work of the Committee providing assurances and escalating matters for further discussion as necessary.

The most significant risk to the Charity is possible losses from a fall in the value of the investments it holds and the level of reserves available to mitigate the impact of such losses. This has been carefully considered and there are procedures in place to review the Investment Policy, ensuring that investment risks are kept to an acceptably low level and to ensure that both spending and firm financial commitments remain in line with income.

1.3 Wider networks and related parties

Herefordshire and Worcestershire Health and Care NHS Trust is a related party by virtue of being the Corporate Trustee of the Charity.

The Charity works closely with the Trust as nearly all of the expenditure is to provide services and facilities to the Trust's service users, carers and members of staff.

By working in partnership, the charitable funds are used to best effect for the benefit of service users, carers and staff. When deciding upon the most beneficial way to use charitable funds, the Corporate Trustee has regard to both the objectives of the Charity and also the activities, objectives, strategies and plans of the Trust.

2. Goal, objectives and activities

2.1 Goal

The Charity's goal is to help the service users, their families and carers, and visitors to the NHS Trust, by enhancing the care the NHS Trust can offer through new equipment, research and investment in people and by creating a caring environment for the service users receiving care, along with their families and visitors. During the year, the funds continued to support a wide range of charitable and health related activities benefiting both service users, carers and staff.

2.2 Objectives

The Charitable Trust's governing document, the Declaration of Trust, incorporates the object or purpose of the Charity which is that:

"The trustee shall hold the trust fund upon trust to apply 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 (hereinafter referred to as "the objects")"

The Trustee has made the following statement in order to focus on the objectives:

"Through donations received we will further improve the provision of high quality patient care throughout the Trust, focussing on areas not covered or fully supported by central NHS funds".

The Charity has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aim and objectives and in planning our future activities.

2.3 Activities

The focus of our charitable work is to advance patient care, firstly by funding therapies, equipment and facilities and secondly through supporting service users, their carers and NHS staff. During the year, the charitable funds continued to support a wide range of health related activities benefiting service users, their carers and the staff who care for them. In general the Trustee's approach is to use charitable funds to purchase additional goods and services that enhance the service users' experience and environment.

In addition to funds intended to meet the needs of patients directly, our charitable funds often receive donations specifically to thank the nursing staff who care for the service users. These funds, by helping the staff either by way of training, morale boosting facilities or amenities, strengthen the NHS Trust's staff capacity to serve their service users well. The charitable funds also enable consultants and other medical staff to attend courses not funded by the NHS, which will update them on new ideas and modern techniques in their specialties.

During the year 2022/23, the Charitable Funds Committee will carry out its annual review of fund balances and the overall future objectives and direction of the Charity.

3. Grant making policy

Applications may be made for items which the NHS would not normally fund and these are classified as charitable activities. The Charity makes grants from both its unrestricted and restricted funds.

- **Restricted funds** represent money which is held by the Trustee which can only be used for specified purposes.
- **Unrestricted funds** are funds available to be spent within the objects of the charity which can legally be spent wholly at the discretion of the Trustee. These funds have been apportioned between a trust-wide general fund and four other funds aligned with the services delivered by the Herefordshire and Worcestershire Health and Care NHS Trust:
 1. **General fund** where the Charity has invited the Trust's employees to submit plans for specific projects with a Trust-wide benefit or providing further financial support to specific Service Delivery projects.
 2. **Service Delivery funds** represent four separate funds which the Trustee has created to accord with sections 90 and 91 of the National Health Service Act 1977 which require that the Trustee respects, as far as practicable, the specific intentions of the gifts received through wards, departments and specialties. The Trustee ensures that those gifts are channelled towards charitable purposes in those areas. Each fund is managed by the associated Service Delivery Lead, who can make recommendations on how to spend the money within their designated area. The Fund managers' recommendations are generally accepted subject to a review process and confirmation that funds are available.



4. Financial performance

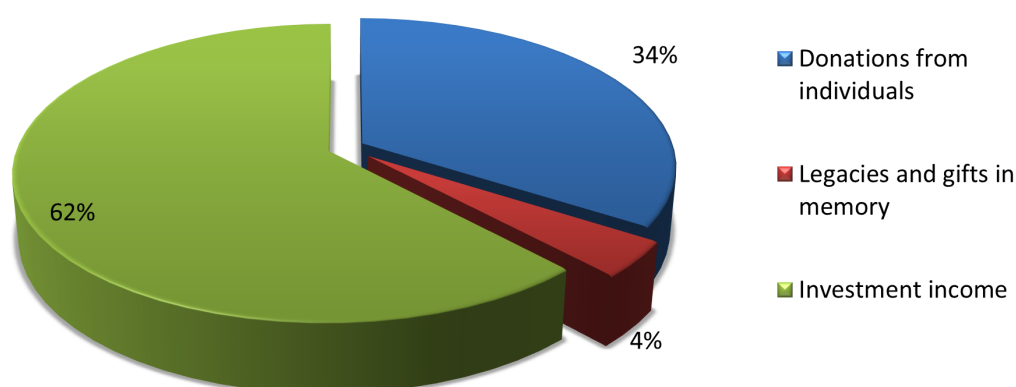
The net assets of the Charitable Funds as at 31 March 2022 were £1,536,995 (31 March 2021 were £1,574,193). Overall net assets reduced by £37,198 with a gain of £79,746 on investment assets.

The Charity continues to rely on donations, legacies and investment income as the main sources of revenue, amounting to £83,728 in 2021/22 (£238,026 - 2020/21).

4.1 Incoming resources

The following pie chart shows the split between the main sources of income.

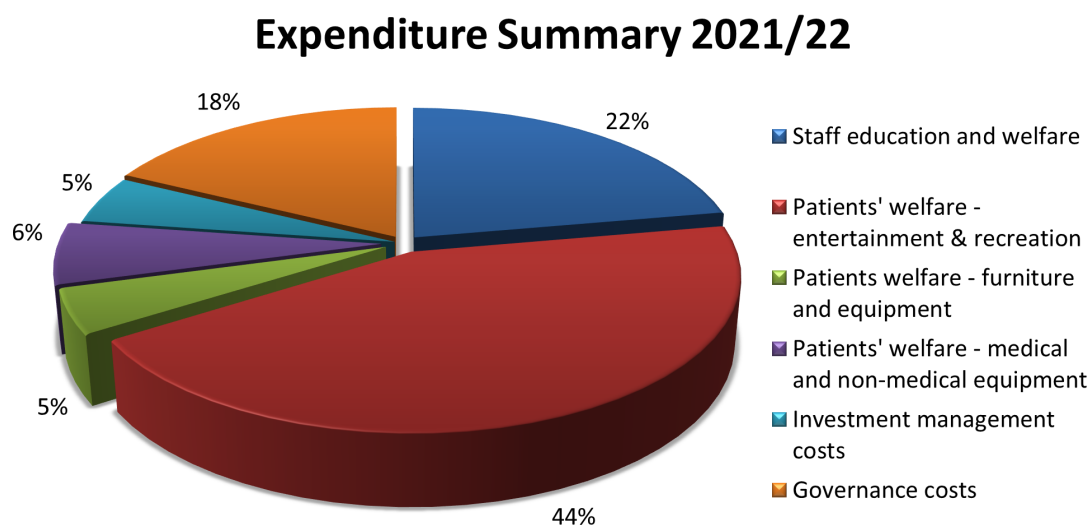
Sources of Incoming Resources 2021/22



- Donations from individuals (£43,681) – from a few pence in a collecting box to several hundred pounds from grateful relatives, we are fortunate to receive thousands of generous gifts each year.
- Legacies and Gifts in Memory (£5,078) – a gift in a will or a collection in memory of a loved one is a valued way of donating to charity.
- Investment Income (£79,746) – by prudent management of funds not immediately required for use, the Charity earns interest and dividends.

4.2 Resources expended

During the year a variety of expenditure took place, these are summarised below and also shown in the pie chart;



- Staff education and welfare (£44,650) – included £26,123 spent on team building and reconnecting events, bringing staff together following the impact of COVID and lockdown, along with spend on external courses to fund training requests for staff, with smaller amounts spent on books, manuals and enhancing team rest areas.
- Patients Welfare – entertainment and recreation (£87,991) - purchases included a trampoline and wheelchair swing at Churchview and an inclusive roundabout area at Osbourne Court where able bodied children and wheelchair users can access at the same time and to play together more easily.
- Patients Welfare – furniture and equipment (£9,424) - purchases this year ranged from small items of furniture and equipment costing a few hundred pounds each to new sofas for service users and a specialist chair and television for those who often spend a whole day at our blood transfusion clinic.
- Patients Welfare – medical and non-medical equipment (£12,998) - the spend on new equipment represents a vital and valuable contribution to enhancing the provision of clinical care. Purchases this year ranged from small items of equipment at a few hundred pounds to larger items such as a handheld vein viewing system to aid locating the veins of particularly fragile service users.
- Investment Management Costs (£10,053) - relating to investment broker fees.
- Support Costs (£35,556) – including a total of £30,177 on administrative support costs, £1,800 on external audit fees, £2,944 on software maintenance, along with printing and stationery, and bank charges.

4.3 Reserves

Reserves are calculated as being the Charity's income funds that are freely available after taking account of restricted funds which have been designated (earmarked) for specific building or major equipment purchases, research and other projects.

The Trustee intends that restricted and designated funds are spent within a reasonable period of receipt and therefore foresees a need only to maintain reserves sufficient to provide certainty of funding for general grant making. The restricted funds total £407,185, whilst unrestricted funds currently stand at £1,129,810.

The Trustee has established a Reserve Policy with the intention of avoiding major fluctuations in the amounts of income available for distribution and for unforeseen contingencies by retaining £50,000 of cash reserves in excess on known expenditure commitments.

The Trustee continues to review the balances held in restricted and designated funds, in accordance with the provisions of the NHS Acts relating to charitable funds, to determine whether these funds are likely to be committed in the near future and the extent to which there is a continuing need identified for any particular designated fund. All existing funds are reviewed annually to identify activity recorded and to encourage their utilisation.

4.4 Investments

The Charity's Fixed Assets Investments are managed by Brewin Dolphin Ltd on a discretionary basis with reference to a formal Statement of Investment Principles.

The performance figures of the portfolio are set out below are on a total return basis for the year ended 31 March 2022 in comparison against other key indices:

- Investment Portfolio: 8.21%
- PIMFA Private Investors Balanced Index: 7.80%
- FTSE All Share Index: 13.03%
- FTSE 100 Index: 16.08%

The Statement of Investment Principles is reviewed annually as are the investment portfolio objectives and attitude to risk.

The breakdown of the investment portfolio by type as at 31 March 2022 was:

Portfolio	Value (£)	(%)
Fixed Interest	178,309	12.30%
Property Investments	58,612	4.04%
Structured Products	25,328	1.75%
UK Equities	328,896	22.69%
Overseas Equity Funds	729,718	50.33%
Absolute Return Fund	<u>128,934</u>	<u>8.89%</u>
Portfolio Total	<u>1,449,797</u>	<u>100.0%</u>

At the year end, the geographical spread of the portfolio was as follows:

Area	2022	2021
UK	41.1%	44.3%
USA	30.4%	30.4%
Japan	2.9%	3.4%
Asia Pacific	5.9%	5.2%
Other European markets	5.2%	5.7%
Emerging Markets	1.5%	1.6%
General global investments	12.9%	9.4%

5. Plans for future periods

The many changes in the NHS, including efficiency reviews, continue to shape the environment in which the Charity operates and the priorities of the Charity are affected by changes in the NHS. The reconfiguration of services and the plans for redesigning patient care to meet the needs of the future will continue to influence the priorities for spending of the charitable funds.

The Trustee does not expect any significant changes in the objectives of the Charity in the forthcoming year.

Thank you

On behalf of the staff and patients who have benefited from improved services and facilities due to donations and legacies, the Corporate Trustee would like to thank all patients and relatives and staff who have made charitable donations. Your donations, no matter how small, make a real difference to the lives to the people who come to us for help.

Approved on behalf of the Corporate Trustee;



Julie Snell
Chair Charitable Funds Committee
Herefordshire and Worcestershire Health and Care NHS Trust
Date: 28 November 2022

STATEMENT OF TRUSTEE RESPONSIBILITIES IN RESPECT OF THE TRUSTEE'S REPORT AND THE FINANCIAL STATEMENTS

Under charity law, the Trustee is responsible for preparing the Trustee's annual report and accounts for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice requires that the Trustee:

- Selects suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- States whether the recommendations of the SORP have been followed, subject to any material departures disclosed and explained in the financial statements;
- States whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements; and
- Prepares the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The Trustee is required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. The Trustee is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by the Trustee under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. The Trustee has a general responsibility for taking such steps as are reasonably open to the Trustee to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Signed on behalf of the Trustee:



Julie Snell
Chair Charitable Funds Committee
Herefordshire and Worcestershire Health and Care NHS Trust

Date: 28 November 2022

Independent examiner's report to the corporate trustee of NHS Worcestershire Health and Care NHS Trust Charitable Funds

I report on the accounts of Herefordshire and Worcestershire Health and Care NHS Trust Charitable Fund ("the Charity") for the year ended 31 March 2022, which are set out on pages 14 to 27.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the Charities Act 2011; and
 - to prepare accounts which accord with the accounting records; and
 - to comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Basis of independent examiner's statement

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a comparison of the accounts with the accounting records kept by the Charity. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from you as corporate trustee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement above.

Respective responsibilities of corporate trustee and examiner

The Charity's corporate trustee is responsible for the preparation of the accounts. The Charity's trustee considers that an audit is not required for this year under section 149(2) of the Charities Act 2011 and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 149 of the Charities Act 2011;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 149(5) of the Charities Act 2011; and
- state whether particular matters have come to my attention.

Your attention is drawn to the fact that the Charity's trustee has prepared the Charity's accounts in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) issued in October 2019 in preference to the Statement of Recommended Practice 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)' issued in April 2005 which is referred to in the Charities (Accounts and Reports) Regulations 2008 but has been withdrawn. I understand that the Charity's trustee has done this in order for the Charity's accounts to give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

Independent examiner's report to the corporate trustee of NHS Worcestershire Health and Care NHS Trust Charitable Funds

Use of this report

This report is in respect of an examination carried out under section 149(3) of the Charities Act 2011. This report is made solely to the Charity's corporate trustee, as a body, in accordance with the regulations made under section 154 of the Charities Act 2011. My work has been undertaken so that I might state to the Charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Charity and the Charity's trustee, as a body, for my work, for this report or for the opinions I have formed.

JD Roberts

Jon Roberts, CPFA
Grant Thornton UK LLP
Chartered Accountants
Bristol

5 December 2022

Statement of Financial Activities for the year ended 31 March 2022

	Note	2021/22 Total unrestricted Funds £'000	2021/22 Total restricted Funds £'000	2021/22 Total funds £'000	2020/21 Total Funds £'000
Income from:					
Donations and legacies	4	49	0	49	207
Investments	5	<u>35</u>	<u>0</u>	<u>35</u>	<u>31</u>
Total income		84	0	84	238
Expenditure on:					
Raising funds	6	(46)	0	(46)	(45)
Charitable activities:	7				
- Patient welfare		(106)	(4)	(110)	(50)
- Staff education and welfare		<u>(45)</u>	<u>0</u>	<u>(45)</u>	<u>(126)</u>
Total expenditure		(197)	(4)	(201)	(221)
Net gains/(losses) on investments	12	<u>80</u>	<u>0</u>	<u>80</u>	<u>276</u>
Net income/(expenditure)		(33)	(4)	(37)	293
Transfers between funds		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net movement in funds		<u>(33)</u>	<u>(4)</u>	<u>(37)</u>	<u>293</u>
Reconciliation of funds					
Total funds brought forward		1,163	411	1,574	1,281
Total funds carried forward		<u>1,130</u>	<u>407</u>	<u>1,537</u>	<u>1,574</u>

The notes on pages 20 to 30 form part of these accounts.

Balance Sheet as at 31 March 2022

		Total un- restricted funds	Total restricted funds	Total funds	Total funds
	Note	31 March 2022 £'000	31 March 2022 £'000	31 March 2022 £'000	31 March 2021 £'000
Fixed Assets:					
Investments	12	<u>1,085</u>	<u>365</u>	<u>1,450</u>	<u>1,352</u>
Total fixed assets		<u>1,085</u>	<u>365</u>	<u>1,450</u>	<u>1,352</u>
Current assets:					
Debtors	13	10	0	10	6
Cash and cash equivalents	14	<u>37</u>	<u>42</u>	<u>79</u>	<u>228</u>
Total current assets		<u>47</u>	<u>42</u>	<u>89</u>	<u>234</u>
Liabilities:					
Creditors: Amounts falling due within one year	15	<u>(2)</u>	<u>0</u>	<u>(2)</u>	<u>(12)</u>
Net current assets		<u>45</u>	<u>43</u>	<u>87</u>	<u>222</u>
Total net assets		<u>1,130</u>	<u>407</u>	<u>1,537</u>	<u>1,574</u>
The funds of the charity					
Restricted income funds	16	0	407	407	411
Unrestricted funds		<u>1,130</u>	<u>0</u>	<u>1,130</u>	<u>1,163</u>
Total funds		<u>1,130</u>	<u>407</u>	<u>1,537</u>	<u>1,574</u>

The notes at pages 20 to 30 form part of these accounts.



Julie Snell
Chairman Charitable Funds Committee
Herefordshire and Worcestershire Health and Care NHS Trust

Date: 28 November 2022

Statement of Cash Flows for the year ending 31 March 2022

	Note	2021/22 Total funds £'000	2020/21 Total Funds £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	17	<u>(166)</u>	<u>(18)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments	5	35	31
Proceeds from the sale of investments	12	192	220
Purchase of investments	12	<u>(210)</u>	<u>(180)</u>
Net cash provided by (used in) investing activities		17	71
Change in cash and cash equivalents in the reporting		(149)	53
Cash and cash equivalents at the beginning of the reporting period		228	175
Cash and cash equivalents at the end of the reporting period	14	<u>79</u>	<u>228</u>

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at fair value.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice:

- Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014;
- the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- the Charities Act 2011; and
- UK Generally Accepted Practice as it applies from 1 January 2015.

(b) Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as:

- an endowment fund, where the donor has expressly provided that only the income of the fund may be applied, or
- a restricted fund where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds, where the capital is held to generate income for charitable purposes, are sub-analysed between those where the Trustee has the discretion to spend the capital, expendable endowment, and those where there is no discretion to expend the capital, permanent endowment. The Charity has no permanent endowment funds and no expendable endowment funds.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated (earmarked) funds where the Trustee has set aside amounts to be used for specific purposes, often reflecting the wishes of donors and unrestricted funds which are at the Trustee's discretion, including the general fund. The major funds held in each of these categories are disclosed in note 16.

(c) Incoming resources

All incoming resources are included in the Statement of Financial Activities once the Charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Where there are terms or conditions attached to incoming resources, particularly grants, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

Distribution of Investment Income to individual Charitable Funds is made quarterly, based on the number of shares each individual fund has within the investment portfolio.

(d) Incoming resources from legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable.

Receipt is probable when:

- Confirmation has been received from the representatives of the estate(s) that probate has been granted;
- The executors have established that there are sufficient assets in the estate to pay the legacy; and
- All conditions attached to the legacy have been fulfilled or are within the charity's control.

If there is uncertainty as to the amount of the legacy and it cannot be reliably estimated then the legacy is shown as a contingent asset until all of the conditions for income recognition are met.

(e) Resources expended and Irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities. Expenditure is recognised when the following criteria are met:

- There is a present legal or constructive obligation resulting from a past event;
- It is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement; and
- The amount of the obligation can be measured or estimated reliably.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

(f) Recognition of expenditure and associated liabilities as a result of grant

Grants payable are payments made to linked, related party or third party NHS bodies and non NHS bodies, in furtherance of the charitable objectives of the funds held on trust.

Grant payments are recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment.

A constructive obligation arises when:

- We have communicated our intention to award a grant to a recipient who then has a reasonable expectation that they will receive a grant;
- We have made a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant; and
- There is an established pattern of practice which indicates to the recipient that we will honour our commitment.

The Trustee has control over the amount and timing of grant payments and consequently where approval has been given by the Trustee and any of the above criteria have been met then a liability is recognised. Grants are not usually awarded with conditions attached. However, when they are then those conditions have to be met before the liability is recognised.

Where an intention has not been communicated, then no expenditure is recognised but an appropriate designation is made in the appropriate fund. If a grant has been offered but there is uncertainty as to whether it will be accepted or whether conditions will be met then no liability is recognised but a contingent liability is disclosed.

(g) Allocation of support costs

Support costs are those costs which do not relate directly to a single activity. These include some staff costs, costs of administration, internal and external audit costs and IT support. Support costs have been apportioned between fundraising costs and charitable activities on an appropriate basis. The analysis of support costs and the bases of apportionment applied are shown in note 9.

(h) Costs of raising funds

The costs of raising funds includes all expenditure associated with generating incoming resources from all sources other than from undertaking charitable activities. This includes costs of fundraising, trading and associated costs and costs of managing investments as shown in note 6.

(i) Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure include an apportionment of support costs as shown in note 7.

(j) Fixed asset investments

Investments are a form of basic financial instrument. Fixed asset investments are initially recognised at their transaction value and are subsequently measured at their fair value (market value) as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Quoted stocks and shares are included in the Balance Sheet at the current market value quoted by the investment analyst, excluding dividend. Other investments are included at the Trustee's best estimate of market value.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. Further information on the Charity's investments can be found in note 12.

(k) Debtors

Debtors are amounts owed to the charity. They are measured on the basis of their recoverable amount.

(l) Cash and cash equivalents

Cash at bank and in hand is held to meet the day to day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments, usually in notice interest bearing savings accounts.

(m) Creditors

Creditors are amounts owed by the charity. They are measured at the amount that the charity expects to have to pay to settle the debt.

The Charity does not owe any amounts due over one year.

(n) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and the opening carrying value (or purchase date if later).

(o) Pensions

The Charity does not employ any staff and therefore does not have a pension liability.

2. Prior year comparatives by type of fund

The primary statements provide prior year comparatives in total; this note provides prior period comparatives for the Statement of Financial Activities and the Balance Sheet for both types of fund that the Charity manages.

2a. Unrestricted funds – Statement of Financial Activity for the year ended 31 March 2022

	2021/22 £'000	2020/21 £'000
Income		
Donations and legacies	49	193
Investments	<u>35</u>	<u>31</u>
Total income	<u>84</u>	<u>224</u>
Expenditure		
Raising funds	(46)	(45)
Charitable activities	<u>(151)</u>	<u>(163)</u>
Total expenditure	<u>(197)</u>	<u>(208)</u>
Net gains/(losses) on investments	<u>80</u>	<u>276</u>
Net income/(expenditure)	33	292
Transfer between funds	0	0
Net movement in funds	<u>33</u>	<u>292</u>
Reconciliation of funds		
Total funds brought forward	1,163	871
Total funds carried forward	<u>1,130</u>	<u>1,163</u>

Unrestricted funds – Balance Sheet as at 31 March 2022

	2021/22 £'000	2020/21 £'000
Fixed Assets		
Investments	<u>1,085</u>	<u>987</u>
Total fixed assets	<u>1,085</u>	<u>987</u>
Current assets		
Debtors	10	6
Cash and cash equivalents	<u>37</u>	<u>182</u>
Total current assets	<u>47</u>	<u>188</u>
Liabilities		
Creditors: Amounts falling due within one year	<u>(2)</u>	<u>(12)</u>
Net current assets	<u>45</u>	<u>176</u>
Total net assets	<u>1,130</u>	<u>1,163</u>
Total unrestricted funds	<u>1,130</u>	<u>1,163</u>

2b. Restricted funds – Statement of Financial Activity for the year ended 31 March 2022

	2021/22 £'000	2020/21 £'000
Income		
Donations and legacies	0	14
Investments	<u>0</u>	<u>0</u>
Total income	<u>0</u>	<u>14</u>
Expenditure		
Raising funds	0	0
Charitable activities	<u>(4)</u>	<u>(13)</u>
Total expenditure	<u>(4)</u>	<u>(13)</u>
Net gains/(losses) on investments	<u>0</u>	<u>0</u>
Net income/(expenditure)	(4)	1
Transfer between funds	0	0
Net movement in funds	<u>4</u>	<u>1</u>
Reconciliation of funds		
Total funds brought forward	411	410
Total funds carried forward	<u>407</u>	<u>411</u>

Restricted funds – Balance Sheet as at 31 March 2022

	2020 £'000	2019 £'000
Fixed Assets		
Investments	<u>365</u>	<u>365</u>
Total fixed assets	<u>365</u>	<u>365</u>
Current assets		
Debtors	0	0
Cash and cash equivalents	<u>42</u>	<u>46</u>
Total current assets	<u>42</u>	<u>46</u>
Liabilities		
Creditors: Amounts falling due within one year	<u>0</u>	<u>0</u>
Net current assets	<u>42</u>	<u>46</u>
Total net assets	<u>407</u>	<u>411</u>
Total unrestricted funds	<u>407</u>	<u>411</u>

3. Related party transactions

Herefordshire and Worcestershire Health and Care NHS Trust is the sole Corporate Trustee and beneficiary of the Charity. The charity has made revenue and capital grant payments to the Trust for the benefit of NHS patients and these are detailed in note 7.

During the year none of the members of the NHS Trust Board or parties related to them has undertaken any transactions with the Charity or received any benefit from the Charity in payment or kind. The Trustee received no honoraria, expenses or emoluments in the year.

The Trust makes a number of clerical and transaction services available to the charity, by agreement with the Trustee. These include administrative services at a cost of £30,177 (£29,598 in 2020/21) in support of the charity's grant making activities which are included within support costs - see note 8. The amounts paid for administrative services are due under a service level agreement and are set at an amount which allows the Trust to recover its costs.

4. Income from donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Donations from individuals	44	0	44	47
Donations from corporations	0	0	0	10
Funds from other NHS Charities	0	0	0	146
Legacies	<u>5</u>	<u>0</u>	<u>5</u>	<u>4</u>
Total	<u>49</u>	<u>0</u>	<u>49</u>	<u>207</u>

Legacy income is only included in incoming resources where receipt is probable and the amount is known with certainty, or the legacy has been received. Total legacy income was a single bequest being £5,000.

5. Gross income from investments

	Unrestricted funds £'000	Restricted funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Investments listed on UK Stock Exchange	<u>35</u>	<u>0</u>	<u>35</u>	<u>31</u>
Total	<u>35</u>	<u>0</u>	<u>35</u>	<u>31</u>

6. Analysis of expenditure on raising funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Investment management cost	10	0	10	9
Support costs	<u>36</u>	<u>0</u>	<u>36</u>	<u>36</u>
Total	<u>46</u>	<u>0</u>	<u>46</u>	<u>45</u>

7. Analysis of charitable activities

	Total 2021/22	Total 2020/21
	£'000	£'000
Patient welfare	110	50
Staff education and welfare	<u>45</u>	<u>126</u>
	<u>155</u>	<u>176</u>

8. Analysis of grants

The charity does not make grants to individuals. All grants are made to the Trust to provide for the care of NHS patients in furtherance of our charitable aims. The grant support was given to Herefordshire and Worcestershire Health and Care NHS Trust. The total cost of making grants, including support costs, is disclosed on the face of the Statement of Financial Activities and the actual funds spent on each category of charitable activity, is disclosed in note 7.

The Corporate Trustee operates a scheme of delegation for all of the charitable funds, through which all grant funded activity is managed by fund advisers responsible for the day to day disbursements on their projects, in accordance with the directions set out by the Trustee's charity standing orders and financial instructions.

9. Allocation of support costs

Support costs have been allocated between raising funds and charitable activities on the basis of direct allocation.

	Raising funds £'000	Charitable activities £'000	Total 2021/22 £'000	Total 2020/21 £'000
External audit	2	0	2	2
Internal audit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Governance	2	0	2	2
Administration costs	30	0	30	30
Miscellaneous	<u>4</u>	<u>0</u>	<u>4</u>	<u>4</u>
Total	<u>36</u>	<u>0</u>	<u>36</u>	<u>36</u>

10. Analysis of administration costs

The Charity does not employ any staff, but the Charity was charged £30,177 by Herefordshire and Worcestershire Health and Care NHS Trust. This represented the recovery of the costs of relevant NHS Trust employees who administered the charitable funds during the year.

11. External Auditor's remuneration

The external audit fee for 2021/22 was £2,400. This fee relates solely to examination, with no other additional work undertaken.

12. Fixed assets investments

	2022 Total £'000	2021 Total £'000
Movement in fixed asset investments		
Market value bought forward	1,352	1,116
Add: additions to investments at cost	210	180
Less: disposals at carrying value	(192)	(220)
Add: net gain / (loss) on revaluation	<u>80</u>	<u>276</u>
Market value at year end	<u>1,450</u>	<u>1,352</u>

Fixed asset investments by type	2022 £'000	2022 %	2021 £'000	2021 %
Fixed interest	178	12.3	185	13.7
Property investments	59	4.0	50	3.7
Structured products	25	1.8	50	3.7
UK equities	329	22.7	340	25.1
Overseas equity funds	730	50.3	687	50.8
Absolute return funds	<u>129</u>	<u>8.9</u>	<u>40</u>	<u>3.0</u>
Total	<u>1,450</u>	<u>100.0</u>	<u>1,352</u>	<u>100.0</u>

All investments are carried at their fair value.

The Trustee set 5% of market value as of 31 March as the threshold for reporting material investments. As of 31 March 2022, the following investments were considered material: Vanguard US Equity Index Inst Plus Inc fund (6.35% of portfolio); Vanguard Funds PLC S&P500 ETF USD (6.97% of portfolio); and Artemis US Select Fund (5.79% of portfolio).

The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the risk analysis section of the Trustee's annual report.

The main risk from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Owing to 'quantitative easing' and the market favouring lower risk investments, the yield on bonds has been low giving rise to a significant downside risk of a fall in capital values if interest rates return to normal levels

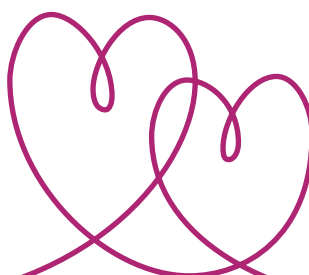
Although the stronger economy should result in improving dividend yields, there is concern that the market conditions will change and this may not be the case.

The default rate on fixed interest securities is expected to improve with a strengthening economy. The high current demand for high quality corporate bond and government stock continues to depress the yield.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so the ability to buy and sell quoted equities and stock is anticipated to continue. The Charity's investments are mainly traded in markets with good liquidity and high trading volumes. The Charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes. All investments were made in companies listed on a UK stock exchange or incorporated in the UK or European Union and therefore all investments are treated as investment assets in the UK/EU. Restricted appeals to fund specific equipment or assets are held on notice deposit or overnight on the money markets in accordance with the Trustee's investment policy.

The Charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.



13. Analysis of current debtors

Debtors under 1 year	2022	2021
	£'000	£'000
Debtors	10	6
Prepayments	<u>0</u>	<u>0</u>
Total	<u>10</u>	<u>6</u>

14. Analysis of cash and cash equivalents

Analysis of cash and cash equivalents	2022	2021
	£'000	£'000
Cash in hand	55	182
Short term investments	<u>24</u>	<u>46</u>
Total	<u>79</u>	<u>228</u>

All cash is held in a current account. No cash or cash equivalents or current asset investments were held in non-cash investments or outside of the UK.

15. Analysis of Liabilities

Creditors under 1 year	2022	2021
	£'000	£'000
Other creditors	2	12
Accruals	<u>0</u>	<u>0</u>
Total	<u>2</u>	<u>12</u>

16. Analysis of fund movements charitable funds

The Trustee sets a closing balance of £50,000 or above as the threshold for the separate reporting of material funds. In the interests of accountability and transparency a complete breakdown of all funds is available upon written request.

	Fund B/fwd	Income	Expenditure	Gains and losses	Fund C/fwd
Malvern Hospital	326	0	(3)	0	323
Other restricted funds	85	0	(1)	0	84
Other unrestricted funds	23	(58)	(45)	80	0
Mental Health & Learning Disabilities	164	51	(83)	0	132
Integrated Community Care	175	14	(18)	0	171
Countywide Community Care	175	20	(26)	0	169
Children's and Specialist General Trust-Wide	177	7	(7)	0	177
NHS Charities Together Grant	397	50	(18)	0	429
	<u>52</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52</u>
	<u>1,574</u>	<u>84</u>	<u>(201)</u>	<u>80</u>	<u>1,537</u>

17. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021/22 £'000	2020/21 £'000
Net income/(expenditure) (as per the Statement of Financial Activities)	(37)	292
Adjustments for:		
Depreciation charges	0	0
(Gains)/losses on investments	(80)	(276)
Dividends, interest and rents from investments	(35)	(31)
Loss/(profit) on the sale of fixed assets	0	0
(Increase)/decrease in stocks	0	0
(Increase)/decrease in debtors	(4)	(6)
Increase/(decrease) in creditors	<u>(10)</u>	<u>3</u>
Net cash provided by (used in) operating activities	<u>(166)</u>	<u>(18)</u>

Do you have a concern, complaint or comment?

Contact: Patient Relations Team, Worcestershire Health and Care NHS Trust
2 Kings Court, Charles Hastings Way, Worcester. WR5 1JR

Tel: 01905 681517 Email: Whcnhs.pals@nhs.net

Do you have a communication or information support need?

If so please contact the person who gave you this leaflet so that those needs can be recorded and responded to.

Do you need to know about accessibility?

Read our detailed guides at
www.AccessAble.co.uk



AccessAble
Your Accessibility Guide

Do you get stressed,
anxious or have low
mood?

Visit www.hacw.nhs.uk/healthyminds to
find out more or call 01905 766124.



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