



PWYLLGOR CRONFA ELUSENNOL CHARITABLE FUNDS COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	20 September 2019
TEITL YR ADRODDIAD: TITLE OF REPORT:	Charitable funds Investment Property
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Jennifer Thomas, Senior Finance Business Partner

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT

Sefyllfa / Situation

Discussions took place at the Charitable funds Committee on the 20th December 2018 regarding the Investment property that is held within Hywel Dda Charities.

It was agreed that the Committee considers its position in relation to property investment and questioned whether that holding an investment of this type fitted with the charity's aims and that the Committee could consider donating any property investments to the Health Board.

The Committee asked at that meeting to look at options to release the property from the Charities accounts.

This paper provides the Charitable Funds Committee with an option appraisal for discussion.

Cefndir / Background

'Delfryn' is a property which is owned by Hywel Dda Charities. The property is situated in Penglais Road, Aberystwyth. The surrounding properties are all owned by Hywel Dda Health Board.

The property was purchased using Charitable funds monies over 15 years ago by the former Ceredigion Trust, a decision that was made at the time for Charitable funds investment purposes. It was then transferred to Hywel Dda Charities in 2010 as part of the merger of the former organisations of Hywel Dda NHS Trust and Carmarthenshire, Ceredigion and Pembrokeshire Local Health Boards.

This property is currently occupied by members of the IT department and Hywel Dda charities receives rental of £14,000 per annum from the Health Board. The running costs and overheads for the property is also covered by the Health Board.

The latest District valuation for the property is £182,250.

Asesiad / Assessment

The options available are as follows:

Option 1 - Do nothing and continue to receive rental from the Health Board

Option 2 - Sell at market value

Option 3 - Sell at District Valuation (DV) rate to the Health Board

Option 4 - 'Donate it' to the Health Board and transfer ownership from Hywel Dda Charities to Hywel Dda Health Board.

The pros and cons of the various options are set out below:

Options	Pros	Cons
Option 1	<ul style="list-style-type: none">• Will continue to receive rental income of £14,000 from the Health Board• Charity continues to hold an asset worth £182,250 (current District Valuation for property)	<ul style="list-style-type: none">• No strategic benefit to Hywel Dda Charities and not in line with aims of Charity• Risk of being a landlord and unexpected costs of maintenance• Insurance cover – guarantee that the property is insured?• Is being a landlord in line with our objectives?
Option 2	<ul style="list-style-type: none">• May receive more than District valuation value for property; gains will need to specifically applied for charitable benefit• Significant capital donation will be received which could support the Charity's future strategy	<ul style="list-style-type: none">• Legal costs will be incurred to deal with the sale and transfer of ownership• Estate agents costs will be incurred• Not in line with the Healthier Wales strategy for Bronglais Hospital, this will be the only property in that surrounding area of Bronglais hospital not occupied and owned by Hywel Dda or Hywel Dda Charities• Implications of loss of rental income of £14,000
Option 3	<ul style="list-style-type: none">• Will be in line with the Healthier Wales strategy for Bronglais Hospital• Significant capital donation will be received which could support the Charity's future strategy	<ul style="list-style-type: none">• Legal costs will be incurred in relation to transfer of ownership• It will need to be prioritised as part of the Capital Planning Programme, this has already been agreed for 19/20, and therefore will need to form part of the 20/21 Capital planning cycle. May not be priority for the Health Board• Implications of loss of rental income of £14,000

Option 4	<ul style="list-style-type: none"> • Will be in line with the Healthier Wales strategy for Bronglais Hospital • Benefit to Charity's profile within Hywel Dda, good for public relations • Opportunity to reduce ongoing admin and governance costs by £14,000 per annum with a proposal to the Health Board to reduce these costs with the value of the rental costs the Health Board will save. This will mean no financial loss to Charity or the Health Board. • Transfer risks to the Health Board in relation to role as Landlord, insurance cover and maintenance of property 	<ul style="list-style-type: none"> • The Charity reserve will decrease in value by £182,250 • Implications of loss of rental income of £14,000 • Legal costs will be incurred in relation to transfer of ownership • Opportunity to undertake any innovative future developments with the investment is lost
----------	--	--

All the above options have been scrutinised for taxation issues, and due to the exemptions and reliefs applicable to Charitable funds and the Health Board, there are no taxation issues with any of the options.

Argymhelliad / Recommendation

The Committee is asked to discuss the options available and agree its principles. For further discussion at the Strategy Development Session in December 2019 and a final decision at the March 2020 Charitable Funds Committee meeting.

Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor	11.1 Overseeing the day to day management of the investments of the charitable funds in accordance with the investment strategy set down from time to time by the Trustees, and in accordance with the requirements of the UHB's Standing Financial Instructions.
Cyfeirnod Cofrestr Risg Risk Register Reference:	Not applicable for this paper
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability Choose an item. Choose an item. Choose an item.

<p>Amcanion Strategol y BIP: UHB Strategic Objectives:</p>	<p>9. To improve the productivity and quality of our services using the principles of prudent health care and the opportunities to innovate and work with partners. Choose an item. Choose an item. Choose an item.</p>
<p>Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Statement</p>	<p>Not Applicable Choose an item. Choose an item. Choose an item.</p>
<p>Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015 - Pum dull o weithio:</p> <p>The Well-being of Future Generations (Wales) Act 2015 - 5 Ways of Working:</p>	<p>Please explain how each of the '5 Ways of Working' will be demonstrated</p>
	<p>Long term - the importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs</p> <p>Not applicable for this paper</p>
	<p>Prevention – the importance of preventing problems occurring or getting worse</p> <p>Not applicable for this paper</p>
	<p>Integration - the need to identify how the Health Board's well-being objectives may impact upon each of the well-being goals, on its other objectives, or on the objectives of other public bodies</p> <p>Not applicable for this paper</p>
	<p>Collaboration – acting in collaboration with anyone else (or different parts of the organisation itself) which could help the Health Board to meet its well-being objectives</p> <p>Not applicable for this paper</p>
<p>Involvement - the importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the Health Board serves</p> <p>Not applicable for this paper</p>	

<p>Gwybodaeth Ychwanegol: Further Information:</p>	
<p>Ar sail tystiolaeth: Evidence Base:</p>	<p>Ledger reports and investment reports</p>

Rhestr Termau: Glossary of Terms:	Included within the body of the report
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Bwrdd Partneriaeth Y Prifysgol: Parties / Committees consulted prior to University Partnership Board:	Director of Finance Director of Partnerships and Corporate Services Investment advisors Fundraising team

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	The report sets out the financial position of the charity. Income generated from fundraising activities is a key source of income for Hywel Dda Health Charities. The charity is therefore duty bound to ensure that the correct controls and governance arrangements exist with regards to all aspects of fundraising.
Ansawdd / Gofal Claf: Quality / Patient Care:	Charity objects are in support of NHS services locally
Gweithlu: Workforce:	The charity has no employees but may access staff time via the University Health Board.
Risg: Risk:	Reputational risk if associated with unethical fundraising. Cyfreithiol
Cyfreithiol: Legal:	The charity's financial reporting is in line with charity law and guidance.
Enw Da: Reputational:	Reputational risk if associated with unethical fundraising.
Gyfrinachedd: Privacy:	No impact
Cydraddoldeb: Equality:	No EqIA is considered necessary for a paper of this type.