

Healthwatch Oxfordshire Board of Directors

Date of Meeting: 24 th November 2015	Paper No: 3
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Title of Presentation: Business Manager’s Paper
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This paper is for	Discussion		Decision	x	Information	
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<p>Purpose and Executive Summary (if paper longer than 3 pages):</p> <p>This paper sets out the current financial position of the organisation, sets the case for conversion to a Charitable Incorporated organisation and presents the terms of reference for the Groups of the Board.</p>
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<p>Financial Implications of Paper:</p> <p>The paper sets out the current financial position of the organisation</p>

<p>Action Required:</p> <p>The Board is asked to:</p> <ol style="list-style-type: none"> 1) Note the second quarter accounts for the period July- September 2015. 2) The Board is asked to approve in principle the recommendation to convert to a Foundation Charitable Incorporated Organisation (CIO), and to delegate responsibility for overseeing this to the SP&F Group as at 1.5.1. 3) The Board is asked to agree the recommendation that the target date for this conversion to take place is the 1st June 2016 as at 1.5.2. 4) The Board is asked to ratify the Terms of Reference of the four Board Groups as at 2.1

Author: Carol Ball

	Last agreed budget					Actual / Current Forecast					Total Variance from budget	Explanation of variance
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total		
Income												
Fee Income	1,625	1,625	1,625	1,625	6,500	0	1,000	1,625	3,208	5,833	667	10/12 * £4,000 from CCG plus £2,500 from SAID
Healthwatch grants received	83,897	83,897	83,897	83,897	335,588	84,077	83,897	83,897	83,897	335,768	-180	
Investment Income	0	0	0	0	0	19	36	0	0	55	-55	
Total Income	85,522	85,522	85,522	85,522	342,088	84,096	84,933	85,522	87,105	341,656	432	
Expenditure												
Total 1 Staffing costs	51,971	51,971	51,971	51,971	207,884	43,738	56,056	55,085	55,085	209,964	-2,080	Adjustments to staff team made in year
Total 2 Premises costs	6,021	6,021	6,021	6,021	24,084	8,048	6,049	5,669	4,169	23,935	149	
Total 3 Board costs	1,500	1,500	1,500	1,500	6,000	397	1,301	1,500	1,500	4,698	1,302	
Total 4 Professional fees	7,512	7,512	7,512	7,512	30,048	3,953	7,041	5,412	1,812	18,219	11,829	Closure of Firebird PR contract mid- year
Total 5 Marketing & Comms	3,250	3,250	3,250	3,250	13,000	732	232	4,750	7,250	12,964	36	
Total 5 Sundry running costs	3,242	3,242	3,242	3,242	12,968	4,401	3,174	2,787	2,524	12,886	82	
Total 6 Project costs	15,000	15,200	16,925	14,875	62,000	-626	8,096	19,150	12,468	39,088	22,912	Adjustments made in light of OCC cuts proposals to create 5% contingency to manage change
Total Operating Expenses	88,496	88,696	90,421	88,371	355,984	60,643	81,950	94,353	84,808	321,754	34,230	
Contingency	-2,974	-3,174	-4,899	-2,849	-13,896	23,453	2,983	-8,831	2,297	19,902	-33,798	

Conversion to a Charity

1. Introduction

Healthwatch Oxfordshire is currently a Community Interest Company (CIC) registered at Companies House and bound by legislation governing CICs. A community interest company (CIC) is a type of company, designed in particular for social enterprises that want to use their profits and assets for the public good.

As CICs are intended to use their assets, income and profits for the benefit of the community they are formed to serve, they must embrace some special additional features:

- They are subject to an ‘asset lock’ which ensures that assets are retained within the company to support its activities or otherwise used to benefit the community. The main elements of the asset lock are as follows:
 - CICs may not transfer assets at less than full market value unless the transfer falls within a narrow range of permitted transfers such as to another asset-locked body or for the benefit of the community.
 - If its constitution allows a CIC to pay dividends (other than to another asset locked body - essentially another CIC or a charity) these will be subject to a cap that limits the amount of dividend payable. A similar cap applies to interest payments on loans where the rate of interest is linked to the CIC’s performance.
- On dissolution of a CIC any surplus assets must be transferred to another asset locked body once all liabilities have been met. (GOV.UK)

1.2 CIC versus Charity

As a CIC, Healthwatch Oxfordshire is more lightly regulated than a charity however, it is required to produce accounts and annual returns just like any other company and these are available for the public record. Further transparency is achieved by the annual CIC Report. It is liable to corporation tax and is able to remunerate its Directors - something it has not done to date.

As a charity Healthwatch Oxfordshire would be regulated by the Charities Commission and have certain tax advantages that CICs do not have. However, in return for those advantages, charities are subject to slightly more onerous regulation than CICs.

It would be able to apply for funding or grants made available to charities and to take advantage of concessionary rates for charities from organisations including business rates. It would not be able to pay its trustees (Directors).

Charitable companies can never be the same as commercial companies. Unlike commercial companies, a charitable company:

- can't distribute its surpluses to its members or shareholders - a charitable company is usually limited by guarantee, not shares
- can only apply its assets to carry out its charitable purposes
- must operate in a way which is in the best interests of the charity

Charitable companies must register with both the Charity Commission (if eligible) and Companies House. They need to provide one submission containing detailed information finances and activities each year.

1.3 Charity Structures

There are currently four types of charity structures, some charity structures are corporate bodies. A charity structure that forms a corporate body is considered to be a person in the same way as an individual. This gives the charity the legal capacity to do many things in its own name that a person can do, such as:

- employing paid staff
- delivering charitable services under contractual agreements
- entering into commercial contracts in its own name
- owning freehold or leasehold land or other property

If a charity structure is corporate body generally the Trustees are not personally liable for what it does. (GOV.UK)

1.4 Charities with a Corporate Structure

There are two types of Charitable Incorporated Organisations (CIO) - an Association CIO and a Foundation CIO

1.4.1 Association CIO

This type of charity is a corporate body with a wider membership, including voting members other than the charity trustees. An association CIO must:

- have a constitution as its governing document
- register with the Charity Commission for it to legally come into existence
- keep a register of its members and trustees
- send its accounts and annual return to the Charity Commission each year, regardless of its income

1.4.2 Foundation CIO

This charity is a corporate body, the only members are the trustees and it doesn't have a wider membership.

A Foundation CIO must:

- have a constitution as its governing document
- register with the Charity Commission for it to legally come into existence
- keep a register of its trustees (who are also the members)
- send its accounts and annual return to the commission each year, regardless of its income.

1.5 Summary of the advantages of converting to a CIO

Conversion to a CIO would:

- Improve Healthwatch Oxfordshire's income generating potential
- Guarantee our discretionary business rate relief (worth c. £6000 per year)
- Remove all liability for corporation tax on any surplus at year end
- Reduce overhead costs on items like software licenses

We have not been able to identify any major risks or downsides associated with conversion.

1.6 The technicalities and costs of converting to a CIO

We are in dialogue with a local solicitor, Tessa Hennessy, who was recommended by a Director and OCVA, and with Healthwatch England. The advice to date is that the estimated costs of conversion would be in the region of £2000.00 and that the process could take up to 6 months. The company would remain a company limited by guarantee with company members/directors. The directors would however become trustees in charity law as well as company directors (and here, also members). The current Directors liability of £1.00 will not change.

1.7 Recommendation

1.5.1. The Charity that represents the nearest corporate structure to the current Healthwatch Oxfordshire structure is a Foundation CIO and as such the Board is asked to approve the recommendation, in principle, that Healthwatch Oxfordshire converts to a Foundation Charitable Incorporated Organisation, and to delegate responsibility for overseeing this to the SP&F group.

1.5.2 The Board is asked to agree the recommendation that the target date for this conversion to take place is the 1st June 2016.

2.0 Terms of Reference for the Board Groups.

At its meeting on 23rd March 2015 the Board agreed a new corporate structure which created four Groups of the Board. The Strategy, Planning and Finance Group, the HR Group, The Marketing and Communications Group and the Project Group, the Chairs of these groups were asked to develop the terms of reference for their respective groups.

The groups have now agreed their terms of reference and as such they are presented to the Board for agreement. The Board should note that at its meeting on 26th May 2015 it made a decision to confer delegated powers on the groups. However, the terms of reference recommended for approval today do not grant delegated powers. In approving these TOR the Board would therefore be reversing an earlier decision.

2.1 Recommendations

- i) The Board is asked to agree the terms of reference for the Strategy, Planning and Finance Group (*appendix 1*).
- ii) The Board is asked to agree the terms of reference for the HR Group (*appendix 2*)
- iii) The Board is asked to agree the terms of reference for the Project Group (*appendix 3*)
- iv) The Board is asked to agree the terms of reference for the Marketing and Communications Group (*appendix 4*)

Appendix 1

Agenda Item 6

Strategy, Planning and Finance Group Terms of Reference

Introduction

The Strategy, Planning and Finance Group is a sub group of the Board of Healthwatch Oxfordshire CIC. The Strategy, Planning and Finance Group oversees the production of a strategy, business plan and budget, management accounts, financial statements and annual returns for Healthwatch Oxfordshire and, where relevant, monitors their delivery. It is empowered to make recommendations to the Board.

The Role of the Group

The role of the group is:

- a) To oversee production/annual refresh of a three year strategy and one year business plan to be brought each year to the Board for approval and adoption.
- b) To oversee drafting of an annual budget to be brought to the Board for approval and adoption.
- c) To oversee preparation of progress updates against the business plan and of regular management accounts, and to advise the Board on any required variation in the business plan, budget or forecast outturn.
- d) To oversee preparation of Healthwatch Oxfordshire's year-end financial statement and recommend its approval by the Board.
- e) To ensure appropriate annual returns are submitted.
- f) To ensure Healthwatch Oxfordshire has appropriate processes for sound governance and effective management, is complying with these processes and is taking reasonable steps to mitigate avoidable risks.
- g) To undertake specific additional activities as requested by the Board.

Membership

- a) The SP&F group will be made up of five board members and will be attended by relevant members of staff.
- b) Membership of the group and appointment of the Chair will be decided by the board.
- c) The Chair may invite other board members or members of staff to attend specific meetings.

Working Arrangements

- a) The group will meet at least once every quarter and members will be expected to review and respond to written correspondence between meetings.
- b) Meeting dates will be set in advance for a full financial year.
- c) Papers for meetings will usually be circulated at least one week before each meeting.
- d) The Chief Executive will provide support to the Chair in co-ordinating meetings, ensuring they are properly documented and tracking completion of agreed actions.
- e) The group's business will be conducted according to the company Articles.

Dependencies with other Groups

The SP&F group will develop criteria for prioritisation of the work programme of all groups and oversee adherence to budgets.

- h) To undertake specific additional activities as requested by the Board.

Review schedule

The terms of reference for this group will be reviewed by the Group on an annual basis and submitted to the Board for formal ratification.

Policy approved by the Board of Directors	
Person responsible for the Policy	Chair of the Group
Review Interval	Annually
Last Reviewed	12th October 2015

Appendix 2

Agenda item 6

HR Group Terms of Reference

Introduction

The HR Group is a sub group of the Board of Healthwatch Oxfordshire CIC.

It has delegated powers to oversee implementation of HR policies for employees and Board members, with the exception of the annual review of staff remuneration, when it is only empowered to make recommendations to the full Board.

The Role of the Group

The role of the group is:

- a) To ensure the company has in place the HR policies and procedures it requires to comply with legislation and to be an exemplary employer, and to review and refresh these on a regular basis.
- b) To oversee an annual remuneration review for staff.
- c) To introduce, implement and review an appraisal and development process for all staff and Board members.
- d) To undertake a training needs analysis and oversee implementation of training plans.
- e) To undertake regular reviews of terms and conditions to ensure they remain compliant with legislation.
- f) To provide annual management data to the Board in relation to HR. This to include data on starters, leavers, sickness and absence records and any formal HR issues.
- g) To undertake specific additional activities as requested by the Board.

Membership

- a) The HR group will be made up of four board members and will be attended by an appropriate member of staff as required by the Chair.
- b) Membership of the group and appointment of the Chair will be decided by the board.
- c) The Chair may invite other board members or members of staff to attend / contribute to specific meetings.

Working Arrangements

- a) The group will meet at least once every quarter and members will be expected to review and respond to written correspondence between meetings.
- b) Meeting dates will be set in advance for a full financial year.
- c) Papers for meetings will be circulated at least one week before each meeting.
- d) The Chief Executive will provide support to the Chair in co-ordinating meetings, ensuring they are properly documented and tracking completion of agreed actions.
- e) This group will be quorate when two members are present.
- f) The group's business will be conducted according to the company Articles.

Interdependencies with other Groups

The group will be required to operate within the financial limits of budgets set by the SP&F Group and approved by the Board.

Review schedule

The terms of reference for this group will be reviewed by the Group on an annual basis and submitted to the Board for formal ratification

Policy approved by the Board of Directors	
Person responsible for the Policy:	Chair of the Group
Review Interval	Annually
Last Reviewed	12 th October 2015

Project Group Terms of Reference

Introduction

The Project Group is a sub group of the Board of Healthwatch Oxfordshire CIC.

The group has been set up to oversee the work we do to: find out about local people's experiences of using local health and social care services; and to provide independent and informed advice to relevant local and national organisations about how services and policies need to change.

The Role of the Group

The role of the group is:

- a) To evaluate proposals for projects to be undertaken by Healthwatch Oxfordshire and make recommendations to the Board on which projects should be funded and / or carried out in accordance with strategy laid down by the SP and F Group and agreed by the Board.
- b) To monitor progress of projects funded and / or carried out by Healthwatch Oxfordshire, and report on their progress to the full Board.
- c) To receive and comment on drafts of reports of projects funded and/or carried out by Healthwatch Oxfordshire.
- d) To review, and approve for publication, reports resulting from projects funded by Healthwatch Oxfordshire.
- e) To consider applications to the project fund and to make recommendations to the Board on the distribution of the designated fund.
- f) To review the process for administering the fund quarterly or as necessary, ensuring appropriate due diligence and making any recommendations for changes to the scheme to the Board.
- g) To undertake specific additional activities as requested by the Board.
- h) To promote the project fund and encourage applications.

Membership

- a) The Projects Group will be made up of three board members and attended by relevant staff.

- b) Membership of the group and appointment of the Chair will be agreed by the board.
- c) The Chair may invite other board members or members of staff to attend / contribute to specific meetings.

Working Arrangements

- a) The group will meet at least once every quarter and members are expected to be asked to review and respond to written correspondence between meetings.
- b) Meeting dates will be set in advance for a full financial year.
- c) Papers for meetings will be circulated at least one week before each meeting.
- d) The Head of Projects will provide support to the Chair in co-ordinating meetings, ensuring they are properly documented and tracking completion of agreed actions.
- e) The group will be quorate when three members are present.
- f) The group's business will be conducted in accordance with the company Articles.

Interdependencies with other Groups

- a) The Project group will monitor project delivery at an individual project level, and that the SP&F group will monitor delivery of strategy.
- b) The Project group will oversee adherence to project budgets and the SP&F group will oversee adherence to the whole budget.

Review schedule

The terms of reference for this group will be reviewed by the Group on an annual basis and submitted to the Board for formal ratification.

Policy approved by the Board of Directors	
Person responsible for the Policy:	Chair of the Group
Review Interval	Annually
Last Reviewed	10 th November 2015

Introduction

The Marketing and Communications Group is a sub group of the Board of Healthwatch Oxfordshire CIC.

It oversees the development and delivery of a marketing and communications strategy for Healthwatch Oxfordshire. It has delegated powers to implement that strategy once it has been approved by the Board.

The Role of the Group

The role of the group is:

- a) To prepare a Marketing and Communications strategy for approval by the full board.
- b) To prepare an annual marketing and communications plan and budget through which that strategy will be delivered, for approval by the Board.
- c) To implement that plan within budget, reporting regularly to each Board meeting.
- d) To monitor the impact of the marketing and communications plan, and advise the Board on any adjustments required to ensure objectives are met.
- e) To review and refresh the marketing and communications strategy and plan annually.
- f) To undertake specific additional activities as requested by the Board.

Membership

- a) The Marketing and Communications group will be made up of three board members and supported by appropriate members of staff as required by the Chair.
- b) Membership of the group and appointment of the Chair will be agreed by the board.
- c) The Chair may invite other board members or members of staff to attend / contribute to specific meetings.

Working Arrangements

- a) The group will meet at least once every quarter and members are expected to review and respond to written correspondence between meetings.
- b) Meeting dates will be set in advance for a full financial year.

- c) Papers for meetings will be circulated at least one week before each meeting.
- d) The Head of Marketing and Communications will provide support to the Chair in co-ordinating meetings, ensuring they are properly documented, and tracking completion of agreed actions.
- e) This group will be quorate when two members are present.
- f) The group's business will be carried out in accordance with the company Articles.

Interdependencies with other Groups

- a) The group will be required to operate within the financial limits of budgets set by the SP&F Group and approved by the Board.

Review schedule

The terms of reference for this group will be reviewed by the Group on an annual basis and submitted to the Board for formal ratification.

Policy approved by the Board of Directors	
Person responsible for the Policy:	Chair of the Group
Review Interval	Annually
Last Reviewed	1st October 2015