

**Minute of the Endowment Committee Meeting  
14<sup>th</sup> May 2021**

**Microsoft Teams**

Board Meeting  
05.08.21  
Open Session  
Item 13.2

**Present:**

Ms Luan Grugeon, Trustee, NHS Grampian Endowment Funds (Chair)  
Mr Alan Gray, Trustee NHS Grampian Endowment Funds  
Ms Rachael Little, Trustee, NHS Grampian Endowment Funds  
Dr John Tomlinson, Trustee NHS Grampian Endowment Funds

**In Attendance:**

Mr Garry Kidd, Assistant Director of Finance  
Mrs Sheena Lonchay, Operational Manager for NHSG Charities  
Mr Stuart Walker, Financial Accountant, NHS Grampian  
Mr Gair Brisbane, Head of Charities Scotland, Aberdeen Standard Capital (Item 5.1)  
Ms Carol Clark, Senior Portfolio Manager, Aberdeen Standard Capital (Item 5.1)  
Ms Else Smaaskjaer, Minutes

Item	Subject	Action
1.	<p><b>Welcome and Apologies</b> Ms Grugeon welcomed everyone to the meeting.</p> <p><b>Apologies from Committee Members:</b> Professor Siladitya Bhattacharya</p>	
2.	<p><b>Declarations of Interest</b></p> <p>No pecuniary interests were declared.</p>	
3.	<p><b>Previous Meetings</b></p>	
	<p><b>3.1</b> The minute of 26<sup>th</sup> March 2021 was agreed as an accurate record of the meeting.</p> <p>The note from the Way Forward Workshop on 26<sup>th</sup> March was agreed as an accurate reflection of the discussion.</p> <p><b>Trustees confirmed that Item C details the strategic priorities agreed during discussions supported by Evaluation Support Scotland and should be presented at the AGM of Trustees on 23<sup>rd</sup> July for formal approval.</b></p>	SL
	<p><b>3.2 Action Log</b></p> <p><b>11.12.20 Item 4.1 (Risk Workshop)</b> – Mr Kidd confirmed that he and Mrs Lonchay have an initial meeting in early June with</p>	

	<p>Mike Sevenoaks, Risk Advisor and a date will be arranged for presentation to Trustees.</p> <p><b>26.03.21 Item 4.1 (Stock Shop)</b> – Mrs Lonchay reported that following some initial discussions, the offer seemed to be merchandising space and there was no plan currently for the Endowment Fund to produce items for sale.</p> <p>Dr Tomlinson asked if there had been any progress on establishing a group to review the investment policy. Mr Kidd confirmed that this would be progressed when succession arrangements for the Endowment Team were in place.</p>	
<b>4</b>	<b>Items for Discussion</b>	
<b>4.1</b>	<p><b>Operational Manager’s Report</b></p> <p>A report from the Operational Manager highlighted recent activities.</p> <p><b>Funding for Staff Social Activities</b> – A recent staff survey had indicated agreement that the amount should be increased from £10 to £20 as no applications were made last year. The Committee discussed some general points relating to funding of social activities.</p> <ul style="list-style-type: none"> <li>• The application process should be simplified and options explored to ensure a safe digital solution and avoid cash handling.</li> <li>• Any social events supported should be Covid compliant and adhere to any restrictions in place at the time of the event.</li> <li>• There should not be an imbalance between staff who are attending the workplace and those working at home.</li> <li>• Given the number of issues emerging it would be helpful to gain the views of GAPF on how to process applications in a way that is fair to all.</li> </ul> <p><b>It was agreed that this should be referred to GAPF and an update reported back to Trustees at the meeting of the Endowment Committee in September.</b></p> <p><b>Starbucks (Charity Pairing)</b> - Following concerns raised by some Health Boards regarding the ‘local pairing’ offer made by Starbucks to all NHS Charities, Ms Grugeon asked if NHS Grampian should have its own policy covering funds received by the charity. Mr Kidd noted that some elements would be covered in the operating instructions of the charity but it would be useful to have separate detailed guidance to clarify ground rules and ensure Trustees are sighted on their legal responsibilities under the Charities Act, including the need to</p>	<b>RL/SL</b>

		do what is right for the charity. Mrs Lonchay will explore the possibility of adapting the policy of NHS Charities Together.	<b>SL</b>
<b>4.2</b>	<b>Endowment Committee Advisors</b>	<p>Mrs Lonchay asked Trustees to consider the role of advisors to supplement the knowledge and expertise of Endowment Committee members when considering applications for more than £50,000. This would be similar to the approach used in response to the Grants Programme launched in 2020 where panel members reviewed and scored each application and made recommendations to Trustees.</p> <p>Dr Tomlinson agreed that this would be helpful in terms of providing an informed view but it would be important to establish clarity around roles and responsibilities to ensure the function of the Endowment Committee in this process. Ms Little suggested that advisors provide thoughts and recommendations relating to the applications which could then be considered by the Endowment Committee before reaching a decision. Ms Grugeon advised that a panel of advisors, with no requirement to meet, could be asked to provide feedback on applications relevant to their area of expertise.</p> <p><b>Trustees agreed that a proposal to establish an advisory network to consider and advise on General Endowment Fund applications for more than £50,000 (excluding agreed annual commitments from the general fund) should be prepared for the AGM of Trustees on 23<sup>rd</sup> July 2021.</b></p>	<b>GK/SL</b>
<b>4.3</b>	<b>Review of Endowment Funded Research</b>	<p>Mrs Lonchay had circulated a report referring to previous discussions regarding how to make more effective use of restricted research funds and the annual allocation to the Research and Development Unit of NHS Grampian. She asked Trustees whether it would be useful to arrange a Research Workshop, including representatives from a range of partner organisations, the third sector, Health and Social Care Partnerships and sectors across NHS Grampian, to review current arrangements and develop a way forward.</p> <p>Ms Grugeon suggested Trustees should take a more thematic view and align applications for research funding to the strategic priorities of the charity. She also reported a positive meeting with the Institute for Social Inclusion and Diversity at the University of Aberdeen to discuss the aim of developing proposals to better understand and address health inequality issues. Dr Tomlinson agreed it was helpful to make connections with others but Trustees should first explore what</p>	

	<p>the charity's priorities are in terms of medical research and social research and reach a view on whether there should be two separate funding streams.</p> <p>Mr Kidd reminded Trustees that research proposals are restricted to £12,000 and that places limits on the scope of projects which can be considered for funding. He noted that a workshop could be helpful in exploring options to review the methodology and agree a clearer approach to what the charity wants to achieve through research.</p> <p><b>Trustees agreed that Ms Grugeon, Mr Tomlinson and Mrs Lonchay should arrange to meet with Professor Bhattacharya to discuss the development of a clear strategic intent for research funding which will include better understanding of local inequity of health outcomes and to progress a review of the research approval/assessment processes for the use of Endowment funds involving all key stakeholders.</b></p>	<p>LG/JT/ SL</p>
<b>5.</b>	<b>Finance</b>	
	<p><b>5.1 Investment Performance</b></p> <p>Mr Brisbane and Ms Clark of Aberdeen Standard Capital attended for this item. An information pack had been circulated prior to the meeting.</p> <p>Ms Clark outlined general market trends during the previous twelve months and compared this with the previous three month period. She noted that returns had not been positive in March 2020 as markets reacted to the beginning of the pandemic. During the period January to March 2021 there had been indications of recovery and economic growth as markets responded to the confidence provided from a worldwide vaccination programme and commitments by governments to support their business communities. Ms Clark reported general agreement in the finance sector that the outcome of the global financial crisis in 2008 had been more severe than the impact of Covid-19 on markets and further recovery is anticipated.</p> <p>Mr Brisbane explained the commitment of Aberdeen Standard Capital to ethical investment and how it ensures environmental, social and governance considerations in its engagement with companies to drive forward positive corporate behaviours. He noted that constructive engagement combined with asset management help to generate better performance from investments.</p>	

	<p>Mr Brisbane highlighted the value of the portfolio at 6<sup>th</sup> May 2021 as £51.7M which represented an increase of 2.7% from the same period in 2020. The annual income had been estimated at £1.45M which was more than the benchmark of £1.25M.</p> <p>Ms Grugeon thanked Mr Brisbane and Ms Clark for the positive update and for their ongoing good management of the NHS Grampian Endowment Funds portfolio.</p> <p>Mr Brisbane and Ms Clark remained during the Committee's discussion of the agreement at its last meeting on 26<sup>th</sup> March to implement a revised financial management arrangement for the investment portfolio. This would include the transfer into a separate liquidity fund any excess of the agreed target increase to the capital value of the portfolio, based on the Consumer Prices Index. The balance in the liquidity fund would be used to fund charitable activity. Mr Kidd explained that although under this methodology £4m had been agreed as available for transfer this year, capital gains are relatively high and he would propose to restrict the amount to £2m.</p> <p>Mr Brisbane noted the benefits of establishing a liquidity fund and also suggested that to avoid misleading on the value of the portfolio it should be held separately. 2018/19 would be taken as the base year when the value of the portfolio was £44.247M. The Consumer Price Index (CPI) would be applied to the year end value of the portfolio and the value in excess of this measure of inflation would be transferred to the liquidity fund. The liquidity fund would be known as the Lasting Impact Fund and it would be unrestricted.</p> <p>ASC and Garry Kidd to carry out an options appraisal to agree the best process for holding the fund to maximise efficiency of the funds and present a recommendation to the committee members</p> <p><b>The Trustees agreed to create a liquidity fund, to be known as the Lasting Impact Fund, and a briefing paper would be prepared by Mr Kidd, Mur Brisbane and Ms Clark including options and implications would be presented at the AGM of Trustees on 23 July 2021.</b></p>	GK/ ASC
5.2	<p><b>Finance Report</b></p> <p>Mr Kidd presented the report which provided an overview of the financial position for the period to 31<sup>st</sup> March 2021. He reported that investment income had been slightly lower than recent years as some companies had reduced or not declared any dividend due to the pandemic.</p>	

		<p>Mr Kidd informed Trustees that the draft accounts had been issued to Azets Audit Services Limited who had commenced the annual audit process. No significant issues had been highlighted and Mrs Lonchay will prepare the introductory narrative to the agreed final accounts which will be distributed to Trustees for comment and feedback.</p> <p>Other items included in the report included:</p> <ul style="list-style-type: none"> <li>• At 31 March 2021 restricted funds totalled £23.4m and unrestricted funds £6.8m.</li> <li>• Donations and legacies greater than £1,000 during March and April amounted to £0.315m and £0.724m respectively.</li> <li>• Approval of expenditure items over £2,000 during March and April amounted to £1.047m.</li> <li>• Details of income and expenditure relating to the Covid-19 Support Fund and the NHS Charities Together Fund.</li> </ul> <p>Dr Tomlinson asked if the Wellbeing and Enablement Practitioners Training Programme had been influenced by the Pandemic. Mrs Lonchay confirmed that the training programme is progressing and Ms Grugeon suggested that, given the substantial amount invested, it would be useful to ask for a midpoint report for the September meeting.</p> <p><b>Trustees noted the overall financial position of the charity.</b></p>	<b>SL</b>
<b>Other Items</b>			
<b>8.</b>		<p><b>AOCB</b></p> <p>None</p>	
<b>9.</b>		<p><b>Update to NHS Grampian Board</b></p> <p>Items to report to the Board should include:</p> <ul style="list-style-type: none"> <li>• Update on finance and investments.</li> <li>• Proposal to create a 'Lasting Impact' fund.</li> <li>• Funding applications agreed in March.</li> <li>• Proposed review of arrangements for research applications.</li> <li>• Decision to defer support for staff social activities.</li> <li>• Proposal to create network of Grant Advisors.</li> </ul>	

	<b>Date of Next Meeting</b>	
	Friday 23 <sup>rd</sup> July 2021 10.00 – Annual General Meeting of Endowment Trustees	
	Friday 23 <sup>rd</sup> July 2021 11.15 – Meeting of Endowment Committee	