

Minute of the Endowment Committee Meeting
7th June 2019
Seminar Room, Summerfield House

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| Board Meeting 03 09 19 Open Session Item 15.3 |
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Present:

Ms Luan Grugeon, Non-Executive Board Member (Chair)
 Ms Rachael Little, Employee Director
 Councillor Douglas Lumsden, Non-Executive Board Member
 Mr John Tomlinson, Non-Executive Board Member
 Mr Alan Gray, Director of Finance
 Miss Lesley Hall, Assistant Board Secretary

In Attendance:

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

| Item | Subject | Action |
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| 1. | Apologies No apologies had been intimated. | |
| | Welcome and Introductions Ms Grugeon thanked everyone for attending and welcomed Mr Tomlinson and Miss Hall to their first meeting. She also welcomed Mrs Logan in her new role of Endowment Assistant. Before the meeting commenced Ms Grugeon wished to record appreciation to Professor Heys of the University of Aberdeen for his contribution during his tenure on the Committee. | |
| 2. | Declaration of Interest No pecuniary interests were declared. | |
| 3. | Minute of meeting held on 8th March 2019. The minute of the above meeting was approved as an accurate record. | |
| 4. | Matters arising from meeting held on 8th March 2019 4.1 Action Log 8 March 2019 | |

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| | <p>The Committee reviewed the action log from the previous meeting and highlighted the following items:</p> <p>Renal Dialysis Machines A donation of £95,000 towards the cost of replacement Dialysis machines was received on 25th March 2019. Mrs Lonchay confirmed that the family making the donation were clearly informed that NHS Grampian had agreed to replace all Dialysis machines at Aberdeen Royal Infirmary (ARI) as part of their ongoing equipment replacement programme, and that the family were given the opportunity to withdraw their donation or use this for another purpose. The family, following further consideration, decided that the donation should stand and re-iterated their wishes that the donation should be used as a contribution towards the cost of replacement Dialysis machines at ARI.</p> <p>RACH Day Case Unit Revised application from RACH to be considered by the Committee at the September meeting.</p> | |
| 5. | <p>Investments</p> <p>5.1 Update on Investment Performance–Aberdeen Standard Capital (ASC) (Ms Carol Clark and Mr Gair Brisbane attended for this item.)</p> <p>Mr Brisbane asked the Committee to confirm the suitability of Aberdeen Standard Capital to act as portfolio managers for NHS Grampian Endowment Funds. The Trustees confirmed this.</p> <p>Ms Clark provided some background around the global economy and reported that although there had been nervousness around world markets at the end of last year, there had been a strong start to 2019 with some positive returns, especially in relation to North America. She also confirmed that global markets remain settled and there are currently no significant concerns. Ms Clark noted that there is still no clarity surrounding BREXIT and the report from ASC had outlined some likely implications from different outcomes. However, Ms Clark advised that the global approach taken by ASC enables them to invest on a global basis and ensure that the portfolio is not too exposed to single events.</p> <p>Mr Brisbane reported that the value of the portfolio had increased to £44.3M which was an increase from the previous quarterly report and the estimated annual income remains at £1.57M against a benchmark minimum of £1.25M. It is anticipated that the value of the portfolio will continue to grow as there is no intention to make significant withdrawals in the short term. Mr Brisbane provided an overview of best and worst performers and confirmed that income into the portfolio remains fairly steady.</p> | |

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| | <p>Councillor Lumsden asked how ASC react to events and had it made any changes to investment decisions in the light of recent climate change protests. Mr Brisbane noted that this is still an evolving picture but there is recognition that investment in the oil and gas sector will change over the next few years.</p> <p>Mr Gray suggested that at the AGM in June it would be helpful to advise Trustees that BREXIT should be viewed as just another uncertainty and that the portfolio had experienced other periods of uncertainty during recent years. The overall investment strategy had worked well in those circumstances and there is confidence that the current practice of continuous monitoring and maintaining a diversified portfolio will provide resilience and prove effective.</p> <p>Ms Grugeon asked if, given the acknowledgement of the detrimental effects of alcohol on the health and social wellbeing of the population, the exclusion of investment in alcohol related companies had been considered by Trustees. Mr Brisbane confirmed that the last review of investment restrictions had concluded that the alcohol industry is important in supporting employment in Moray. This had been a factor in Trustees agreeing to include investment in the alcohol industry when the Investment Policy was revised in 2017. Mr Kidd suggested that as it had been two years since the last review it would be helpful to conduct a similar exercise with a view to recommending any changes thought necessary to Trustees at the AGM in 2020. Ms Grugeon agreed to ask Trustees at the AGM if a review is something they would wish to consider.</p> <p>On behalf of the Committee, Ms Grugeon congratulated ASC on winning the Sustainable Investment Solution at the recent Private Asset Managers Award.</p> <p>The Committee thanked Mr Brisbane and Ms Clark for providing assurances, noted the report and agreed to continue to monitor activity across the portfolio.</p> | |
| 6. | <p>6.1 Operational Manager's Report</p> <p>The Operational Manager's Report, including an update on activities since March 2019, had been circulated for information.</p> <p>The following items were highlighted:</p> <ul style="list-style-type: none"> • Mrs Lonchay reported that a recent meeting of the Association of NHS Charities had discussed raising awareness of NHS charities and their links to research and health services. She informed the Committee that NHS charities are collectively the fourth largest charity with a combined income of £410m. | |

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| | <ul style="list-style-type: none"> • Mrs Lonchay highlighted recent fundraising for the refurbished CAMHS unit at the City Hospital and the wide ranging fundraising activities undertaken by local groups, clubs and individuals. • Ms Grugeon and Mrs Lonchay had launched the NHS Big Tea in Grampian on 4th June. People will be encouraged to hold tea parties throughout Grampian from 24th June to 7th July. • Mrs Lonchay informed members that a Project Committee, consisting of senior management, senior clinicians and nurses had been set up at RACH. The Committee will take an overview of all the funds available at RACH, including contributions from and the role of the ARCHIE Foundation. Mrs Lonchay had attended to represent the Endowment Fund and reported that the Committee is keen to merge funds and free up the use of restricted funds. OSCR advice regarding merging of funds had been made available to the Committee. <p>The Committee noted the report.</p> | |
| | <p>6.2 Looking to the Future – Sub-Group Terms of Reference</p> <p>Ms Grugeon suggested that Trustees should have agreed clear strategic priorities to help guide decisions regarding applications for funding. Mrs Lonchay had drafted terms of reference for the establishment of a Sub-Group to develop strategic priorities for the use of Endowment funds, to propose a clear process for measuring outcomes and evaluating how grants are used, and to take forward fundraising strategies and a donor recognition policy. This will help the Committee in its decision making process.</p> <p>Mr Tomlinson asked for clarity regarding how expenditure over the last five years had exceeded donations received. Mr Kidd explained that during the last five years the Endowment Committee had supported a number of applications and the combined value of those had amounted to more than the income received during the same time period. He advised that a significant number of those applications could not be matched against specific funds and had been approved from General Endowment Funds. Trustees had agreed that the value of the General Endowment Fund should not fall beneath £3M and the Sub-Group will provide an opportunity to provide guidance on what applications should be prioritised for approval.</p> <p>Mr Kidd advised the Committee that a Sub-Group would also be helpful in ensuring that the Endowment Fund is prepared for any recommendations which materialise from the current national review of Endowment Funds. It is anticipated that the review will</p> | |

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| | <p>propose some degree of separation between NHS Boards and the Endowment Committee and Ms Grugeon asked that the need to respond to any recommendations from the national review should be included in the Terms of Reference.</p> <p>The Committee agreed to recommend to the AGM on 25th June that Trustees support the formation of a Sub-Group. Trustees will be invited to take part in the work of the Sub-Group which will then report to all Trustees through the Endowment Committee.</p> | |
| | <p>6.3 Charter</p> <p>Mrs Lonchay presented a paper requesting an amendment to Section 8.5.2 of the Endowment Fund Charter. Section 8.5.2 states that the Endowment Sub-Committee shall comprise four Non-Executive Directors, one of whom shall be the Chair of the Sub-Committee, the Director of Finance and the Grampian Health Board Secretary. The Committee shall also appoint a Vice Chair from the Non-Executive membership of the Committee.</p> <p>There had been some instances where attendance by all the Non-Executive members of the Committee had not been possible but fortunately another had been able to deputise and ensure the meeting would be quorate. Mrs Lonchay suggested that the number of Non-Executive members be increased from four to six. To be quorate there must be at least four members of the Committee present, including at least two Non-Executive members. Mr Gray agreed that it would be helpful to increase representation as the Endowment Sub-Committee makes decision on behalf of all Trustees.</p> <p>The Committee agreed to recommend to Trustees at the AGM on 25th June that they agree an amendment at Section 8.5.2 of the Charter to increase the membership of the Endowment Sub-Committee to include six Non-Executive members. The Committee will also recommend that one of the Non-Executive members will take the position of Vice Chair of the Endowment Sub-Committee.</p> | |
| | <p>6.4 Operating Procedures</p> <p>Mrs Lonchay presented a paper requesting changes to two items in the Operating Instructions for NHS Grampian Endowment Funds.</p> <p><u>4.5 Tax Relief on Good Ordered.</u> Mrs Lonchay advised that the procedure to ensure that certain types of goods and services supplied to the Endowment Fund are zero rated for VAT purposes</p> | |

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| | <p>in line with HMRC regulations for charitable bodies, involves issue of a certificate to the supplier at the time an order is placed. The Fund's operating instructions places the obligation on the Fund Steward to ensure that this procedure is followed for all qualifying purchases. The proposed change to the operating instructions is to clarify that where the Fund incurs a VAT charge because the appropriate certificate has not been issued to the supplier, then the Endowment Fund will not cover the cost of the VAT.</p> <p><u>4.7 Travel, Subsistence and Accommodation.</u> Mrs Lonchay explained that the Operating Instructions do not specify how NHS Grampian staff are expected to make arrangements for travel and accommodation funded by Endowment Funds. She highlighted recent instances where the lack of clear guidance in this area created confusion regarding entitlement and asked the Committee to consider whether all Endowment funded travel should be procured by the Staff Travel Service or whether staff should be allowed flexibility in making their own arrangements. Ms Little noted that this issue had also been discussed at the Grampian Area Partnership Forum (GAPF) and staff had indicated the need to make their own arrangements to avoid losing a place at an event due to the time it can take for applications to be processed. Mrs Lonchay advised that any applications received by the Endowment Team are processed without delay. Ms Grugeon stated that the amount reimbursed should not exceed the funding application.</p> <p>Members agreed that the Operating Instructions should be amended to clarify the date of approval for endowment expenditure must precede the date of booking and applicants should be routed to the staff travel desk with self-booking only by exception.</p> <p>The Committee agreed to recommend to Trustees at the AGM on 25th June that they agree to amendments at Sections 4.5 and 4.7 of the Operating Instructions.</p> | |
| | <p>6.5 AGM Agenda</p> <p>Mr Kidd had prepared a draft agenda for the Annual General Meeting of the Trustees of the NHS Grampian Endowment Funds. He noted that it should be updated to include consideration of the application from Scotland's Charity Air Ambulance (Ref Item 9.2) and the option to extend the appointment of Scott-Moncrieff as auditors. Mr Kidd reminded members that it had been agreed to include a test case exercise to ensure Trustees understanding of what should be considered as core and non-core activity and to provide assurance that the definition in the Charter is clear.</p> | |

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| | The Committee agreed the agenda. | |
| 7. | <p>Donations</p> <p>A paper was tabled on all donations and legacies greater than £1,000 received from 1 February to 30 April 2019.</p> <p>During this period £238,330 been received in donations and £169,066 in the form of legacies.</p> <p>Councillor Lumsden asked if there were any restriction on receiving donations and Mrs Lonchay confirmed that general guidance is contained in the Operating Instructions but the most likely reason to refuse a donation is if there are conditions attached which would be difficult to meet.</p> <p>The Committee noted the report.</p> | |
| 8. | <p>Annual Report and Accounts</p> <p>Mr Walker presented the draft annual report and accounts for 2018/19 and explained that the purpose in sharing them at this meeting was to request feedback and incorporate any comments from members in the final version which will be submitted for approval at the Annual General Meeting (AGM) of Trustees on 25th June 2019. The Funds external auditors, Scott-Moncrieff, will also submit their annual audit report and opinion to the AGM.</p> <p>Mr Gray recorded thanks to Mr Walker and the Endowments Team for their hard work in producing the accounts within a tight timescale and to a very high standard. Following approval of the AGM the annual report and accounts will be submitted to the Office of the Scottish Charity Regulator (OSCR) and will be published on-line. Mr Kidd noted that the approach taken by Scott Moncrieff had been helpful and had provided assurance that appropriate scrutiny had been applied during the audit process.</p> <p>The Committee noted the report and agreed to recommend the annual accounts to Trustees at the Annual General Meeting on 25th June 2019.</p> | |
| 9. | Funding Requests | |
| | 9.1 Expenditure requests over £2,000 approved from 1 February to 30 April 2019 | |

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| | <p>A paper was tabled listing approval expenditure of over £2,000. During the period, applications amounting to £692,242.48 had been approved.</p> <p>Councillor Lumsden asked why expenditure on an appointment system at application EA5367 had not been considered as core funding. Mrs Lonchay explained that as a newly developed on-line system this had been viewed as additionality to the conventional system in place.</p> <p>The Committee noted the report.</p> | |
| | <p>General Endowment Funds</p> | |
| | <p>9.2 Scottish Charity Air Ambulance (SCAA).</p> <p>Mrs Lonchay reminded members of the previous submissions from SCAA and the proposal to provide funding of £300,000 per year for three years towards provision of a second charity funded air ambulance based in Aberdeen. However, at the meeting of the Endowment Committee in March when this proposal had been discussed it was agreed that:</p> <p>Although broadly supportive of the SCAA this application is for a significant amount of funding over three years and a decision should be deferred to allow for a full discussion by Trustees at the AGM on 25th June.</p> <p>At that meeting the Endowment Committee had also agreed that:</p> <p>There should not be any further commitments against the general fund until there is more certainty regarding the income for 2019/20. In the meantime all applications, if eligible, will be signposted to specific funds.</p> <p>Members agreed that there is strong support for SCAA and recognition that the provision of a second air ambulance in Aberdeen would support the work of the Major Trauma Centre. The forecasted income for the Endowment Funds is £1.6M, against an estimated annual income of £1.25M which would provide the funding required for this year but SCAA would require a commitment for three years to allow them to proceed with some certainty and also use the funding from NHS Grampian to attract funding from other Boards. Mr Kidd suggested that to provide some clarity to SCAA the Endowment Committee could recommend to Trustees that if the annual income exceeds £1.25M each year an amount up to a maximum of £300K per year for three years could be awarded to SCAA for this proposal. Members agreed that this would make this application affordable but they would seek an assurance in the grant condition that the</p> | |

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| | <p>base for the second helicopter would remain in the North East and that SCAA are clearly informed there is no commitment to provide funding beyond the initial three year period.</p> <p>The Committee agreed to recommend to Trustees, at the AGM on 25th June, that if the annual income to Endowment funds exceeds £1.25M each year an amount up to a maximum of £300K per year for three years could be awarded to SCAA for this proposal.</p> | |
| | <p>9.3 Re-Connect</p> <p>Mrs Lonchay reported that an application to approve funding for the ReConnect Initiative had been discussed at the Endowment Committee in March but members had asked for more information regarding outcomes and what tangible benefits the funding would help to deliver. The application had been resubmitted for the Committee's consideration. Mr Tomlinson noted that as the application seeks to continue funding for an initiative which had been supported since 2014 it could be perceived as ongoing funding. Ms Little also observed that as some of the funding will be used to extend contracted Supporting Professional Activities (SPA) time for two consultants this is beginning to look like core activity. Members agreed that the funding could be approved for one year to allow time for those involved to put a case forward establishing this initiative as something which should be supported by the Board through exchequer funding.</p> <p>The Committee agreed to provide funding from General Endowment Funds for this application but it should be made clear that further applications will not be considered by the Committee.</p> | |
| | <p>Restricted Funds</p> | |
| | <p>9.4 Parkinsonism Incidence in North East Scotland (PINE) Study</p> <p>An application had been received to continue funding for the PINE research study. The total funding required to continue the study for a further two years is £78,427 and a contribution of £41,059 from the RS MacDonald Trust had been confirmed. This longitudinal study had been acknowledged as unique in assessing the long term outcomes of people with Parkinsonism from diagnosis to end-of-life and examining how the disease progresses. For the research to be meaningful it would be important to continue monitoring and assessing current participants. The benefit to patients had been evidenced in the specialist care they receive as part of the study as the annual research assessment supports clinical care to the patient as well</p> | |

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| | <p>as the research study. The research had also provided increased understanding of the long term outcomes for patients and the information and support provided to patients and carers. Members were content that this application met the criteria for funding from the Parkinson's Disease Research Fund.</p> <p>The Committee agreed that funding of £37,368 should be provided from the Parkinson's Disease Research Fund NER12002 to support the continuation of the study for another two years.</p> | |
| | <p>9.5 RACH Paediatric Assessment Unit (PAU)</p> <p>An application had been received to support the redesign of the accommodation in the Paediatric Assessment Unit at RACH. Mrs Lonchay informed members that the applications submitted to the Committee in March had been reviewed by the recently formed project committee at RACH. The remit of the project committee had been outlined in the Operational Managers Report at Item 6.1. The Endowment Committee were pleased to note that the project committee had prioritised and reviewed the scope of works at RACH. Members agreed in principle that the application could be supported but before funding is confirmed clarity should be provided on the following:</p> <ul style="list-style-type: none"> • The value of the contribution from the ARCHIE Foundation. • Proper costings for the proposed works and assurance that colleagues in Property and Asset Development were involved in providing advice and support. • Assurance that no elements of the funded project should be provided from core funding. <p>The Committee agreed that the Chair of the Committee and the Director of Finance review the responses to the questions raised and reach a view on whether the funding could then be approved from NEUR2009.</p> | |
| | <p>9.6 Clinical Photography</p> <p>An application had been received to purchase an enterprise licence for Medical Image Management (MIM) software and electronic storage space for the photos taken by Medical Illustrations. A previous application made in June 2018 had not been supported as the Committee had requested more information regarding core funding provision and how other departments store images. Members were content that their queries had been addressed in the revised application and noted</p> | |

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| | <p>that endorsement had been provided from Fund Stewards regarding the use of funds in the Acute Sector.</p> <p>The Committee agreed to support the application for £87,734 from NER11513.</p> | |
| | General Endowment Funds | |
| | <p>9.7 Greenspace</p> <p>At its meeting in March the Committee had reviewed an update regarding the Greenspace Project at Foresterhill Health Campus. The Committee had previously approved £600,000 as match funding to secure EU funding to finance the project. At the meeting in March:</p> <p style="padding-left: 40px;">The Committee confirmed the previously approved funding of £600,000 but requested that the project team provide a report giving assurances regarding access, safety maintenance and upkeep. The team should also confirm there had been adequate consultation and engagement with staff, relatives and patients on the new proposals.</p> <p>Members were pleased to note the responses to the queries raised and observed that although there had been some changes to the original design the proposals fit in with the overall strategy across the site. The Committee also noted information regarding improvements to pedestrian routes on campus as part of the work around the Baird and ANCHOR projects and agreed this provided assurances regarding accessibility. The project team had confirmed that standing water features were not part of the proposal as the inclusion of water features is intended to improve the management of moving water around the existing burn and water which accumulates following heavy rainfall. Given the assurances provided by the project team and confirmation that further consultation with staff, relatives and patients will take place as the design details for the project develop the Committee confirmed the previously approved funding of £600,000.</p> <p>The Committee agreed to confirm match funding up to £600k from General Endowment Funds in support of the proposal from NEUR3001 Endowment Committee Fund. The Project Team to provide a progress report to the Committee in March 2020.</p> | |
| 10. | <p>Review of Risk Control Plan</p> <p>The Endowments Committee Risk Control Plan was tabled. There are currently 13 items on the register – four amber and nine green.</p> | |

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| | <p>The Committee agreed that all items on the Endowments Risk Control Plan should remain at their current level and it will be reviewed again at the August meeting.</p> | |
| 11. | <p>Update to NHSG Board</p> <p>It was agreed that the following information should go to the next Board Meeting.</p> <ul style="list-style-type: none"> • Investment Performance. • Changes to Operating Procedures. • Overview of Applications Approved. • Feedback from AGM. | |
| 12 | <p>AOCB</p> <p>Progress Reports –Ms Grugeon observed that progress reports had been requested from some projects and suggested it would be useful to review whether there are other projects where an update report would provide helpful information to the Committee and provide assurance that the criteria for accessing endowments funds are being met.</p> | |
| 13 | <p>Date of Next Endowment Committee Meeting</p> <p>Thursday 15th August 2019 at 09.30 am Seminar Room, Summerfield House.</p> | |