

**Minute of the Endowment Committee Meeting
7thDecember 2018
Conference Room, Summerfield House**

Present:

Prof Steven Heys, Non-Executive Board Member (Chair)
Ms Rachael Little, Employee Director
Mr Alan Gray, Director of Finance
Prof Stephen Logan, Chairman, NHS Grampian

In Attendance:

Mr Gair Brisbane, Senior Portfolio Manager, Standard Life Wealth (Item 5.1)
Ms Carol Clark, Senior Portfolio Manager, Standard Life Wealth (Item 5.1)
Mrs Sheena Lonchay, Operational Manager for NHSG Charities
Mr Stuart Walker, Financial Accountant, NHS Grampian
MsElse Smaaskjaer, Minuting Secretary

Item	Subject	Action
1.	<p>Apologies</p> <p>Dame Anne Begg, Non-Executive Board Member Mr Gerry Donald, Head of Property and Asset Development Mrs Laura Gray, Director of Corporate Communications Mr Garry Kidd, Assistant Director of Finance Councillor Shona Morrison, Non-Executive Board Member</p>	
	<p>Welcome and Introductions</p> <p>Dame Anne Begg had been unable to attend and Professor Heys welcomed everyone to the meeting.</p>	
	<p>Presentation from Scotland's Charity Air Ambulance</p> <p>Mr David Craig, Chief Executive and Mr John Bullough, Chairman, attended to give a presentation regarding Scotland's Charity Air Ambulance (SCAA). This provided an overview of the work of the SCAA since its launch in 2013 including how it is currently funded and staffed. The presentation highlighted the benefit of achieving rapid response times when operating within the challenging geography of Scotland. SCAA had recently launched a £6m capital appeal to purchase a second air ambulance which would be located in Aberdeen and would support the work of the Major Trauma Network. The £6m would support running costs for a period of three years, following which the service will be in a position to fund itself. £1m had been secured or pledged and it is anticipated that a further £3m will be pledged from major donors, Trusts and Foundations. This leaves a requirement to raise a further £2m to reach the target amount and have the second helicopter operational by the end of 2019.</p>	

	<p>Professor Logan asked for assurance that any amount agreed from NHS Grampian Endowment Funds would be for the purchase of the air ambulance and all other running costs will be absorbed by SCAA. Mr Bullough confirmed that would be correct and that SCAA is a sustainable organisation.</p> <p>Mr Craig advised the Committee that although the second helicopter would be based in Aberdeen, it will be a national resource and other Boards will also be asked to contribute funding. However, a commitment from NHS Grampian would act as a key enabler and encourage engagement from other Boards in Scotland.</p> <p>Professor Heys thanked Mr Craig and Mr Bullough for their attendance and useful presentation.</p> <p>Members discussed the proposal and agreed that, although a second air ambulance would support the work of the Major Trauma Centre, pledging £2m would represent a strain on Endowment Funds.</p> <p>The Committee agreed that Mrs Lonchay contact SCAA and suggest they submit an application to the next meeting in February requesting an amount in the region of £300,000 per year over three years.</p>	
2.	<p>Declaration of Interest</p> <p>No pecuniary interests were declared.</p>	
3.	<p>Minute of meeting held on 7th September 2018.</p> <p>The minute of the above meeting was approved as an accurate record.</p>	
4.	<p>Matters arising from meeting held on 7th September 2018</p> <p>4.1 Action Log 7 September 2018</p> <p>There were no outstanding items to report</p>	
5.	<p>Investments</p> <p>5.1 Update on Investment Performance - Standard Life Wealth (SLW) (Ms Carol Clark and Mr Gair Brisbane attended for this item.)</p> <p>Ms Clark provided an update on performance up to the end of</p>	

	<p>September 2018. She reported that despite low interest rates there had been a good return from the market during the 12 month period up to the end of September. During this period, there had been good performance relating to North America which had reported a 20% return, and this had remained relatively strong in the three month period up to the end of September. Ms Clark reminded members that this year will be the tenth anniversary of the global banking crisis in 2008 and general opinion is that during that time, a coordinated response and collaborative working had been helpful. However, there are currently underlying trade tensions due to national self-interest which could lead to some volatility in the market. There is also more awareness of geopolitical developments such as Brexit which could result in anxious markets during the next six months but economic growth is currently still anticipated up to 2021.</p> <p>Mr Brisbane informed members that the value of the fund at the end of September was £44.5m, which is ahead of the 2% benchmark figure and the estimated annual income remains above target at £1.6m. He reported areas of positive and negative performance, and highlighted medical technology, pharmaceuticals and technology as the key sectors providing a good return.</p> <p>He advised members that the portfolio had demonstrated it can perform well in favourable conditions but had also shown resilience when conditions are less encouraging. SLW remain confident of showing good returns and are comfortable with the long term investment strategy.</p> <p>Professor Heys noted that despite some volatility and uncertainty in the market place the portfolio remains on target to achieve the income expected for the current year. Mr Brisbane confirmed that SLW will continue to communicate with Mr Kidd and Mr Walker weekly and update on current activity.</p> <p>The Committee thanked Mr Brisbane and Ms Clark for their comprehensive overview, 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 September 2018, had been circulated for information.</p> <p>Mrs Lonchay highlighted the following:</p> <ul style="list-style-type: none"> • There had been a number of fund raising activities. The 	

	<p>launch of the Baird and ANCHOR fund raising campaign at Tempo Café in the Bon Accord Centre had been well attended and had attracted positive media interest. The evening event at The Chester Hotel had also been well attended including a number of guests identified as potential donors or influencers as the campaign moves ahead.</p> <ul style="list-style-type: none"> • Mrs Lonchay informed members that publicity regarding research projects will be arranged in 2019 and Professor Logan welcomed that as an opportunity to inform the public about how endowment funds are used. • Mrs Lonchay reported a slight change in how funding towards bursaries for Physician Associates was used and this was approved by the Committee. • There had been some discussion with the Placement Officer from Robert Gordon University regarding a student placement to assist with publicity and raising awareness of endowment funds. However, it was decided to postpone offering a placement until the future arrangements for the management of endowment funds across Scotland are clarified. • There is increased use of the website to make donations. <p>Professor Heys noted thanks from the Committee to Alison Morrice for her effort and care during her time as Endowment Administrator for NHS Grampian.</p> <p>The Committee noted the report.</p>	
	<p>6.2 Operational Scheme of Delegation Endowments</p> <p>Mrs Lonchay presented a paper asking the Committee to agree an amendment to the Scheme of Delegation for Endowments to ensure adequate cover arrangements in place during periods of absence and unavailability of the Director of Finance and the Chair of the Trustees. The revised arrangements will widen the scheme to include:</p> <ol style="list-style-type: none"> 1. All Trustee members of the Endowment Committee are added to the Endowment Scheme of Delegation with authority to countersign expenditure up to £50,000. 2. The Assistant Director of Finance and the Deputy Director of Finance are both added to the Endowment Scheme of Delegations with authority equivalent to the Director of Finance – to authorise, in his absence, expenditure up to £15,000 and to countersign expenditure above £15,000 up to £50,000. 	

	<p>All expenditure in excess of £50,000 requires the approval of the Endowment Committee.</p> <p>The Committee agreed to the revised arrangements.</p>	
	<p>6.3 Outcomes of R&D Projects</p> <p>Mrs Lonchay presented an overview of the research and development projects funded by Endowment research grants in 2017. An annual conference took place at the Suttie Centre in December 2017 which showcased the work of those awarded funding. The Committee agreed it is content with the administration of research grants and the robust peer review process in place to ensure that proposals for research demonstrate proper scientific rigor and benefit to patients and the wider population across NHS Grampian. Researchers are required to submit a final report as a condition of funding and present their findings at the annual NHS Grampian Research and Development Conference. Mrs Lonchay informed the Committee that a report from the 2018 annual conference will be provided in due course.</p> <p>The Committee noted the report.</p>	
7.	<p>Donations</p> <p>A paper was tabled on all donations and legacies greater than £1,000 received from 1 August to 31 October 2018.</p> <p>During this period £213,209 had been received in donations and £41,000 in the form of legacies.</p> <p>The Committee noted the wide range of people and organisations that make donations to the Endowment Fund and it was suggested that Mrs Lonchay liaise with colleagues at the University of Aberdeen to explore the possibility of a donors' event to acknowledge appreciation of their efforts and generosity.</p> <p>The Committee noted the report.</p>	SL
8.	<p>8.1 Summary Financial Report (at 31st July 2018)</p> <p>Mr Walker noted that the increase in net assets was mainly due to an increase in the investment portfolio and income from donations and legacies. He also highlighted that although current expenditure appeared to be low, there will be a number of recharges relating to capital spend in the final quarter of the financial year.</p>	

	<p>Mr Walker highlighted the movement in the valuation of investments since 1st April 2018 and an analysis of the portfolio valuation by investment sector. He also explained to the Committee that there are a number of single legacy hospital funds and expenditure from those is restricted to the particular hospital but can be used for any purpose within the hospital as long as it is consistent with the objectives of the fund.</p> <p>Mr Gray informed the Committee that the £200,000 commitment for the relocation of Kessock Clinic will no longer be required as this will now be considered as core provision within the reconfiguration of services in Fraserburgh.</p> <p>The Committee noted the report.</p>	
	<p>8.2 Deloitte’s Retrospective Awards Review</p> <p>Following a request from Trustees at the Annual General Meeting in June the previous auditor, Deloitte LLP, had been approached and asked to provide assurance that no retrospective awards had been made during the years 2013-2018. The Scottish Government definition “<i>relates specifically to any situation where a decision has been taken to charge expenditure to exchequer funds and that decision is later reversed by deciding to retrospectively apply for endowment funding</i>” was applied during the audit.</p> <p>Deloitte LLP had recently reported their findings. Mrs Lonchay reported that the review had identified four minor exceptions to compliance with operating procedures, and Deloitte’s were impressed with the overall processes in place to administer the Endowment Funds.</p> <p>Mrs Lonchay reminded the Committee that the recent amendments agreed to the Operating Instructions for NHS Grampian Endowment Funds ensures that if pre-approval processes are not followed then applications for funding are invalidated.</p> <p>Members noted the report from Deloitte LLP and asked Mrs Lonchay to circulate to Trustees not on the Endowment Committee.</p>	
	<p>8.3 Feedback from Office of the Scottish Charity Regulator (OSCR)</p> <p>Mrs Lonchay reported that in June 2018 OSCR had written to ask for information as part of its review of the activities of NHS</p>	

	<p>Endowment Funds in Scotland. Copies of Endowment Committee papers were submitted to OSCR and they had replied in November with their findings regarding the governance of NHS Grampian Endowment Funds.</p> <p>The feedback had been generally favourable and noted appropriate charters, operating instructions, policies and terms of reference are in place. OSCR also noted that evidence supported compliance with governance structures and consistency in assessing applications for funding. However, from their review across Scotland and discussions at the NHS Scotland Endowment Network Group, there were some concerns that Endowment funds can be used to fund items which could be considered as 'core' NHS provision. Mr Gray advised that NHS Grampian can evidence that expenditure from Endowment funds is used to provide additionality and is not spent on projects that would otherwise be funded from core budgets.</p> <p>The Committee reiterated their concern regarding the possible separation between Trustees and Board Members as this would sever the connection between applications for funding and understanding of services and provision across Grampian. Professor Logan noted that Board Members are subject to a robust process before appointment and he had some concern regarding how future appointments would be made and whether the composition of Trustees would remain representative.</p> <p>The Committee noted the report.</p>	
9.	Funding Requests	
	<p>9.1 Expenditure requests over £2,000 approved from 1 August 2018 to 31 October 2018</p> <p>A paper was tabled listing approval expenditure of over £2,000. During the period, applications amounting to £485,506.91 had been approved.</p> <p>The Committee noted the report.</p>	
	General Endowment Funds	
	<p>9.2 Primary Care Premises Group.</p> <p>In 2016 the Endowment Committee agreed funding of up to £100K to improve the patient experience in Primary Care premises. Applications are submitted by privately owned GP practices, dental surgeries as well as privately owned optometrists and pharmacies and are evaluated by the Primary Care Premises Group within criteria established and agreed by</p>	

	<p>the Endowment Committee. An application had been received for further funding to commence a further round of applications. Mr Gray suggested it would be helpful to provide some certainty around the scheme and confirm commitment to making improvements in Primary Care premises.</p> <p>The Committee agreed to provide further funding of £50,000 to the Primary Care Premises Group from General Endowment Funds.</p>	
	<p>Restricted Endowment Funds</p>	
	<p>9.3 Variation in Purpose of Research Funding</p> <p>An application had been approved by the Committee in February 2017 for a research project, “Unmasking the Apparent Asymptomatic Heart Disease in Chronic Obstructive Pulmonary Disease”. The researcher had recently written to inform the Committee that further funding from the British Heart Foundation had been confirmed and to ask if it would be possible to change how the endowment funds are now utilised within the research project. The Committee noted its congratulations to Dr Dawson on her success in attracting external funding for the project and agreed it would not be unreasonable in these circumstances to review the overall funding available and how that should be used to best effect.</p> <p>Subject to approval from the Fund Steward, the Committee agreed to the request to change how funding for the research project is used.</p>	
	<p>9.4 Renal Dialysis Machines</p> <p>Mrs Lonchay reported that a donor intends to make a donation in the region of £95,000 to NER11520 Renal Dialysis Machines Fund expressly for the replacement of existing renal dialysis machines. Discussion had taken place with the donor to explain that NHS Grampian had approved funding to replace dialysis machines across Grampian but the donor and her family are resolute that the funding raised should be used for this purpose. It had been explained to the family that the donation will allow some of the NHS Grampian funding to be reallocated to other projects and they are keen to proceed on that basis.</p> <p>Subject to the donation of £95,000 the Committee agreed to add funding of £88,674 from NER11520 to allow the purchase of 19 renal dialysis machines in total.</p>	

	<p>9.5 High Definition Camera and Hysteroscopes for Gynaecology</p> <p>An application had been received to increase the scope of the service provided by the One Stop Hysteroscopy Outpatient Clinic. Previous endowment funding had supported the establishment of the clinic and it is intended that an under spend from that will go towards the purchase of additional equipment which will enable quicker diagnosis. The additional funding required is available in relevant funds.</p> <p>The Committee agreed a funding package of £35,000 utilising the under spend of £9,508 from the previous application along with additional funding of £6,896 from NER11036 Ward (formerly fund for Ward 32 Gynaecology), £6,000 from NER11994 RVS AMH Fund and £12,596 from NEUR3001 General Endowment Committee Fund.</p>	
	<p>9.6 Woodend Hospital Ward 8</p> <p>An application had been received to improve provision in Ward 8 at Woodend Hospital for orthopaedic admissions by replicating the Department of Scheduled Admissions (DoSA) at ARI. One half of the ward will be converted to accommodate Pre-Assessment and the other half will comprise a DoSA unit which will improve the patient pathway and remove the need for overnight admission prior to surgery. Scottish Government funding had been confirmed to complete the basic conversion work and this application will provide additionality in the form of new flooring and improvements to the general appearance of the ward to enhance the patient experience. Mr Gray suggested that he would enquire whether Scottish Government Waiting Times Improvement Funding could be used for this purpose and asked the Committee to approve the application in principle in the meantime.</p> <p>The Committee agreed that Mr Gray should explore the possibility of funding this proposal from Waiting Times Improvement Funding. If that is not possible £44,600 will be made available from NEUR2030 Woodend General Endowment Fund. Any funds not utilised at the end of the project to be returned to the Endowment Fund.</p>	AG
	<p>9.7 Ward 7 at Dr Gray's Hospital</p> <p>An application had been received to fund a programme of refurbishment in the General Medical Ward and Acute Care of the Elderly Unit at Dr Gray's Hospital. Mrs Lonchay outlined the complex endowment funding available in various funds held at Dr</p>	

	<p>Gray's.</p> <p>The Committee considered the proposals and agreed that, although supportive of developments to improve and enhance the patient experience at Dr Gray's, it would need confirmation that the plans in the application are in line with the overall strategy for the hospital. Mrs Lonchay was asked to contact staff at Dr Gray's and enquire if there is a coordinated plan for development at the hospital. Professor Logan also suggested that, if the application is approved, rather than use a substantial amount of the endowment funding at Dr Gray's, £100,000 could be made available from General Endowment Funds.</p> <p>The Committee agreed that, although willing to support works at Dr Gray's Hospital, further assurance is required that this proposal fits in with the overall strategy for the Hospital Site. If that assurance is given funding of £100,000 will be made available from the General Endowment Fund with the remaining £310,000 from various Endowment Funds held at Dr Gray's Hospital.</p>	SL
	<p>9.8 CAMHS</p> <p>Mrs Lonchay informed the Committee that the Scottish Government had confirmed £1M funding to refurbish the former Links Unit at the City Hospital to accommodate a CAMHS "Centre of Excellence" and provide a 0-18 year old service for Grampian and the North East. An application had been received for endowment funds of £550,000 to enhance the basic refurbishment and provide an improved therapeutic environment for children and young people accessing the service and staff working in the centre. Mrs Lonchay reported that since the application had been received Royal Cornhill Hospital had agreed a contribution of £50,000 but Royal Aberdeen Children's Hospital had confirmed an application for improvement to its Day Case Unit which would impact on endowment funds held there. Members agreed that this is a very important area of service and the confirmation of Scottish Government funding provides an opportunity to use Endowment funding effectively in adding improvements to the project. However, it was agreed that the amount of funding requested in the application exceeded that which could be made available at this time.</p> <p>The Committee agreed that funding of £130,000 would be made available for the highest priority items. £50,000 from NER11979 Royal Cornhill General Purposes Fund and £80,000 from General Endowments Funds.</p>	

	<p>9.9 Digital Photography</p> <p>An application had been received to upgrade the current system to enable scanning and digital viewing of slides. This will bring the system up to the same standard as that in place in other Health Boards. An application for 50% of the costs will be made to Friends of Anchor who had indicated the application would be suitable for joint funding. Members were assured that this application did not relate to core service provision but would provide improvements to the current service and support compatibility with other Health Boards.</p> <p>The Committee agreed to fund 50% of the proposal, subject to available funding from the appropriate restricted funds, Renal and Paediatric Funds, NER11571 Oncology Discretionary Fund and NER11037 ARI Ward 112 Haematology Fund.</p>	
	<p>9.10 Clinical Photography Software</p> <p>Funding had been requested to purchase an enterprise licence for Medical Image Management (MIM) software and electronic storage space for the photos taken by Medical Illustrations. Mrs Lonchay reported that a previous application had been submitted in June 2016 when it was agreed that more information was required to provide fuller understanding of the application. Members noted that this application did not provide the clarity required and had not been considered by the acute sector senior leadership team.</p> <p>The Committee agreed that this proposal should be returned to the meeting in February 2019 to allow the opportunity for consideration by the Acute Sector Senior Leadership Team.</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> <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 in February 2019.</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">• Review of Retrospective Awards by Deloitte LLP.• Investment Performance.• Overview of Applications Approved.• Presentation from Scotland Charity Air Ambulance.	
12	AOCB	
	No other items of competent business were indicated.	
13	Date of Next Endowment Committee Meeting Friday 8 February 2019 at 10.00am (revised to Friday 8 March) Conference Room, Summerfield House.	