

**Minute of the Endowment Committee Meeting
26th March 2021
Microsoft Teams**

Present:

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

In Attendance:

Mr Garry Kidd, Assistant Director of Finance
Mrs Sheena Lonchay, Operational Manager for NHSG Charities
Professor Lynda Lynch, Trustee, NHS Grampian Endowment Funds
Mr Gerry Donald, Head of Property and Asset Development
Mr Stuart Walker, Financial Accountant, NHS Grampian
Ms Else Smaaskjaer, Minuting Secretary

Item	Subject	Action
1.	<p>Welcome and Apologies</p> <p>Ms Grugeon welcomed everyone to the meeting. It was noted that Councillor Lumsden, by virtue of no longer being on the Board of NHS Grampian, was no longer a Trustee of the charity. A replacement Trustee for the Committee would be identified prior to the AGM.</p> <p>Apologies from Committee Members:</p> <p>None.</p>	
2.	<p>Declarations of Interest</p> <p>No pecuniary interests were declared.</p>	
3.	<p>Minutes of Previous Meeting</p> <p>The minute of 11th December 2020 was agreed as an accurate record of the meeting.</p>	
4	<p>Matters Arising</p>	
	<p>4.1 Action Log</p> <p>11.12.20 Item 5 – Mrs Lonchay confirmed that in the first instance commemorative coins had been distributed to NHS</p>	

		Grampian and Health and Social Care Partnership staff prior to wider distribution.	
	4.2	Any Other Matters Arising Succession Planning – Mr Kidd advised he will progress a meeting of the Short Life Working Groups during the next few weeks. Trustees agreed that this should be added to the action log.	SL
5.	Operational Managers Report		
	<p>A report from the Operational Manager highlighted recent activities.</p> <p>NHS Charities Together (NHS CT) – Stage 2 application had been submitted and feedback from the grants reviewer is pending.</p> <p>Big Tea – to take place on 5th July at 3pm and will be promoted by NHS CT.</p> <p>Stock Shop – had formed a national partnership with NHS CT regarding sale of charitable merchandise. This is now moving towards more localised arrangements and a proposal will be presented at a future meeting.</p> <p>Publicity – contact with local media had been maintained and a number of events had been covered.</p> <p>Ms Grugeon asked if arrangements had been confirmed to distribute pens and mugs to all Health and Social Care staff across Grampian. It was confirmed that signposted support would be on the public facing internet page and available to all staff across the system. A note will be included to provide context and background and this may need to be tailored for those who work for private providers. The Staff Health and Wellbeing Group will review the wording.</p> <p>Professor Bhattacharya asked if community engagement was planned to raise the profile of the charity post Covid. Mrs Lonchay agreed this would be a priority and the remit of the Charity Engagement Lead, when recruited, will include the development of a cohesive donations strategy.</p> <p>Trustees thanked Mrs Lonchay for the report.</p>		
6.	Finance Update		
	6.1	Finance Report	
		Mr Kidd presented the report which provided an overview of the financial position for the period to 28 th February 2021. He	

	<p>explained that in this report he had aimed to clarify understanding of the criteria for applications, how Trustees financially manage investments and how the general endowment fund is managed.</p> <p>Strategic Context</p> <p>Trustees had previously agreed core criteria for applications to endowment funds. Applications should align with the NHS Grampian Clinical Strategy and endowment funded elements should be in addition to core provision and result in improvements to the overall patient experience in terms of care provided and the care environment. Mr Kidd reminded Trustees of recent discussions, supported by Evaluation Support Scotland (ESS), which had sought to reshape how funds are used. This had included support for community based initiatives which address health inequalities and targeting funds at the following areas:</p> <ul style="list-style-type: none"> ~ Prevention. ~ Self-Management. ~ Planned Care. ~ Unscheduled Care. ~ Staff Wellbeing. ~ Research. <p>Mr Tomlinson suggested that the focus of research applications would also be directed towards prevention and self-management. Professor Bhattacharya agreed that Trustees could take a role in promoting research relating to those in receipt of care. He highlighted the University of Aberdeen focus on research relating to health and nutrition. Ms Grugeon advised that it would be useful to encourage academics to engage with community groups in developing innovative research across Grampian. Mr Donald suggested that it would be helpful to build on the existing relationship with Third Sector Interface groups.</p> <p>Trustees agreed that at the next meeting of the Endowment Committee on 14th May 2021 Mr Kidd should present proposals based on this discussion.</p> <p>Financial Position</p> <p>Mr Kidd informed Trustees that the financial position of the portfolio was generally healthy due to an increase in the capital value of the portfolio as markets had recovered from the major downturn experienced at the end of last year due to the Covid-19 pandemic. Although income was down considerably on last</p>	<p>GK</p>
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	<p>year it was anticipated that the Fund would achieve its income target of £1.25 million for the year.</p> <p>Mr Kidd highlighted the current financial management approach which was largely dependent on income generation to support charitable activities with all capital growth retained in the portfolio. During 2020/21 a combination of market volatility and restricted dividend pay-outs had resulted in an increase of £7 million in capital reserves and a drop in income of £300K. Mr Kidd presented a proposal to supplement the income generated on investments by the release of capital growth in excess of a target increase in investment value calculated as the 12 month CPI inflation at March each year. The amount released would be held in a separate interest bearing liquidity fund until required. Based on the estimated Consumer Prices index (CPI) the estimated capital growth in excess of target and potentially available to support charitable activities would be £3.5 million.</p> <p>Mr Tomlinson agreed with the proposed approach which would support the strategic intent of Trustees but asked that the amount is restricted up to CPI each year and should be subject to annual review. Professor Bhattacharya noted that the proposal is sensible and suggested any additional funds available for distribution should be considered in terms of longer term objectives rather than used on small short term community projects with no residual legacy. Mr Gray endorsed the proposal as a pragmatic and cautious approach which would allow the opportunity to distribute funds consistent with the objectives of the Trustees.</p> <p>Endowment Funds</p> <p>Mr Kidd provided a summary of funding commitments against general endowment funds, the operational budget proposal for 2021/22 and a forecast position for future years. He highlighted that the general endowment fund will reduce in value unless additional amounts are introduced and advised that the balance should not drop beneath the £3 million floor previously agreed by Trustees.</p> <p>There was some general discussion regarding the administration of the allocation for staff social activities and it was agreed that a review of administration relating to this could be helpful in simplifying the process.</p> <p>Other items included in the report included:</p>	
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	<ul style="list-style-type: none"> • Restricted funds greater than £0.15m total £10.6m out of a total restricted fund balance of £23.1m. • Donations and legacies greater than £1,000 from November 2020 to February 2021 amounted to £0.406m and £0.108m respectively. • Approval of expenditure items over £2,000 from November 2020 to February 2021 amounted to £1.031m. • Details of income and expenditure relating to the Covid-19 Support Fund and the NHS Charities Together Fund. <p>Trustees noted the overall financial position of the charity and approved the following recommendations:</p> <p>Investments and Short Term Cash Holdings</p> <ul style="list-style-type: none"> • The annual investment income target to remain £1.25m for planning purposes. • The proposal to release capital growth in excess of a target increase in the capital value of the portfolio each year equivalent to the 12 month Consumer Prices Index (CPI) at March of the previous year was agreed in principle. Mr Kidd to review the proposal based on the March 2021 out turn figures and bring an updated proposal to the next Committee for formal approval. • The Assistant Director of Finance to make the necessary arrangements with Aberdeen Standard Capital (ASC) to open a liquidity account to operate alongside the investment portfolio and for this to be used as appropriate to maximise the interest available on short term cash holdings. <p>General Endowment Funds</p> <ul style="list-style-type: none"> • Approve the General Endowment Fund operational budget for 2021/22 as detailed in the paper. • Approve the budgeted disbursement of interest on investments of £1.25m for 2021/22 as £0.478m for admin and management, £0.3m for research and development, £0.3m to be split pro rata across all other funds and £0.172m as a contribution to general endowment funds. 	<p>GK</p> <p>GK</p>
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		<ul style="list-style-type: none"> All proposals for the use of endowment Funds to continue to be assessed first against the availability of specific funds prior to considering use of general endowment funds. The balance on General Endowment Funds should not drop below an agreed floor of £3m. 	
	6.2	<p>Audit Plan</p> <p>Mr Kidd presented the Audit Plan and Letter of Engagement prepared by Azets, the Funds appointed external auditors. The audit process will commence on 27th April with final audited Annual Report and Accounts available for approval at the AGM of Trustees on 23rd July 2021. Mr Kidd reported no significant changes but noted a small adjustment in auditing standards will result in additional audit testing with a corresponding minor increase in fees.</p> <p>Trustees approved the audit plan and the engagement letter for the external audit of the charity for the year ended 31st March 2021.</p>	
	Grant Applications		
	7.1	<p>Research and Development Research Allocation</p> <p>Mrs Lonchay presented a report relating to the annual allocation from general endowments to support one year research projects which are recommended by the NHS Grampian Research and Development Unit. There are also independent reviews and scoring by NHS Grampian or either of the two universities and a further review had been conducted by the Public Involvement Panel. The report outlined the thirty applications received and detailed the twenty recommended for funding at a cost of £223,123 from the total allocation of £300,000.</p> <p>Trustees agreed that the list of projects submitted were mainly related towards clinical research and Mrs Lonchay suggested that it would be helpful to have some discussions regarding a separate fund for social research. Professor Bhattacharya advised that Trustees should be clear about their expectations regarding social research and noted that it may be more useful to have a small number of larger projects, to allow for more scope in addressing wider health and wellbeing issues, rather than a collection of small research projects which do not have that capacity. Mr Kidd informed Trustees that the current process follows that agreed some years ago and restricts funding of individual applications to £12,000. He suggested that the process should be revisited and reviewed.</p>	

		<p>Trustees agreed to the funding of projects recommended in the report and asked that Mrs Lonchay arrange discussions with the NHSG Research and Development Unit and others to review the use of General Endowment Research Funding.</p>	SL
	7.2	<p>Grampian Hospital Arts Trust (GHAT)</p> <p>An application had been received to renew the Service Level Agreement between NHS Grampian and GHAT. This is part funded from General Endowment Funds.</p> <p>Trustees agreed funding of £48,600/annum for five years 1 April 2021 to 31 March 2026, a total of £243,000. Director of GHAT to be informed of the requirement to have an annual discussion with the Charity regarding priorities and joint strategies.</p>	
	7.3	<p>Staff Havens</p> <p>An application had been received to create staff rest areas at Aberdeen Royal Infirmary, situated in the Board Room and in the Orange Zone Dining Room. The application provided background and context to the application.</p> <p>Ms Grugeon asked if this will still be relevant post Covid and Trustees agreed it will provide a valuable space for staff in the future. It was also agreed that this would provide an opportunity to make proper use of the Board Room which no longer meets the requirements of an effective meeting space.</p> <p>Trustees acknowledged it is the responsibility of NHS Grampian to provide rest areas for staff but this application will provide enhanced facilities and increase the capacity for rest breaks in a comfortable environment.</p> <p>The application proposed funding from ARI General Endowments and Mr Kidd reminded Trustees that funding of £210,000 from this source would not comply with previous agreement to ensure that each fund should not reduce below one third of its value.</p> <p>Trustees approved the application and agreed funding from ARI General Endowments Fund, ARI General Purposes Fund with any residue required from appropriate funds at ARI.</p>	

	Other Items	
8.	AOCB None	
9.	Update to NHS Grampian Board Items to report to the Board should include: <ul style="list-style-type: none">• Update on finance and investments.• Agreement to open up liquidity account and how it will be used strategically.• Applications agreed.• The agreed audit plan.	
	Date of Next Meeting Friday 14 th May 14.00	