

**Board**

**20 October 2015**  
**Director of Finance**

**Paper No. 15/57**

## **Endowments Strategy Update**

### **Introduction**

The attached report updates Board members on progress towards developing an overall strategy for management of the Board's Endowment Funds.

### **Recommendation**

The Board is asked to note the report.

**Mark White**  
**Director of Finance**

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## **NHSGG&C Endowment - Strategy Paper**

### **NHSGGC Board - October 2015**

#### **Purpose of this Paper**

The Endowments Management Committee has recently welcomed several new Members and a new Chair. The departing Chair had commissioned a review of the overall structure, governance and operation of the Endowment Funds. This review was completed by Douglas Griffin and reported to the Endowments Management Committee for consideration on the 24<sup>th</sup> March 2015.

The Endowments Management Committee of 28<sup>th</sup> July 2015, and a specially arranged workshop session for Trustees in August 2015, considered the recommendations in Douglas Griffin's report.

This paper, for noting at the October 2015 NHSGGC Board Meeting, summarises the Trustees actions and represents a high level strategy for Endowments.

#### **Trustees' responsibilities**

The Trustees are responsible for preparing the Trustees' report and the annual accounts in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing the annual financial statements, the Trustees are required to:

- 1) select suitable accounting policies and then apply them consistently;
- 2) make judgements and accounting estimates that are reasonable and prudent;
- 3) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 4) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with requirements of Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Endowments - Aim and Objective**

The primary objective of the charity as defined by the National Health Service (Scotland) Act 1978 is the advancement of health for the population of NHS Greater Glasgow & Clyde. The Act also says that Trustees should consider pursuing this through:

- 1) improvement in the physical and mental health of the local population;
- 2) the prevention, diagnosis and treatment of illness;
- 3) the provision of services and facilities in connection to the above;
- 4) the research into any matters relating to causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit; and
- 5) education and development in connection to the above.

It is the practice of the Trustees to use the Charity's resources to support projects and initiatives not normally funded by the Health Service where relevant to the Board's objectives and in accordance with the above.

## **Points of Note for NHSGGC Board**

- 1) Funds are currently invested by Blackrock, whose contract has been extended on two occasions without competition/ tender and in the interim the trustees have extended the BlackRock appointment until 31 March 2016. However, the Trustees have decided to place this contract out to tender and have retained Mercer (Edinburgh) as investment advisers who will work with NHSGGC procurement in drafting specification, managing the process.
- 2) It was agreed in principle that reducing the number of current endowment accounts would be beneficial. This process had already started during 2013/2014 and had been successful. It was agreed to start by targeting dormant accounts and reviewing the accounts which currently sit within hospitals which have recently closed.
- 3) The Trustees decided that, in relation to spending the capital element within the endowment funds, it was agreed to:  
  
*'Partial utilisation of capital, using remainder of capital to generate a lower level of income, thereby supporting a mix of one off and specific projects. This would be utilised for a particular project in the future which the Committee agree requires funding.'*
- 4) Trustees agreed on a need for wider promotion of the access to endowment funds. A document will be placed on the Intranet to advise all NHS staff of the available funding with the objective of encouraging more and varied applications.

**Mark White**  
**Director of Finance**  
**October 2015**