



Endowment Funds Charter
NHS Greater Glasgow & Clyde

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1. Name

- 1.1 The legally registered name of the charity is the Greater Glasgow Health Board Endowment Funds.

2. Headquarters

- 2.1 The headquarters shall be located in the area covered by the Health Board. The Office of the Scottish Charities Regulator (“OSCR”) shall be advised of the current address of the principal office of the charity where the Fund is registered with OSCR.
- 2.2 The principal address is Caledonia House, 140 Fifty Pitches Road, Glasgow G51 4ED

3. Role of Scottish ministers

- 3.1 The charity is administered under the terms of sections 82, 83 and 84A of the National Health Service (Scotland) Act 1978. Accordingly the board holds the funds and property attributable to the charity on trust as a corporate Trustee. This charter provides the overall terms of reference for the charity, and the Trustees shall uphold its requirements in the governance and management of the charity’s business.
- 3.2 The members of the board shall be appointed by the Scottish ministers, or elected, in accordance with relevant legislation.
- 3.3 The members of the board shall be the Trustees of the charity. However no individual shall hold the position of Trustee if he or she meets one of the criteria for disqualification as set out in Section 69 of the Charities and Trustee Investment (“Scotland”) Act 2005.
- 3.4 Scottish ministers have the authority to remove board members in certain circumstances (Section 77 of the 1978 Act), or may choose not to re-appoint any member of the board at the end of the term of appointment. Consequently the issue of removal of Trustees is a matter reserved to the Scottish ministers.
- 3.5 The Trustees shall comply with the spirit of the Charities and Trustee Investment (“Scotland”) Act 2005 with respect to any proposed changes to the governance or management of the charity. This may involve simply notifying the Office of the Scottish Charity Regulator (“OSCR”) of some matters, whilst other matters require OSCR approval. Where a fund has registered with OSCR the Trustees must comply with the requirements of the 2005 Act. The Trustees shall approve any updates to this charter to reflect any changes.

4. Trustees

- 4.1 The Trustees are responsible for the general control and management of the charity.
- 4.2 The Trustees shall perform general duties as described in section 66 of the Act, and satisfy any other obligations in law required of a Trustee. The Trustees are personally accountable in law for the discharge of these duties and obligations.
- 4.3 The Trustees shall convene meetings solely to conduct the business of the charity, with distinct agendas from that of the board.
- 4.4 In the discharge of their responsibilities, Trustees shall place the interests of the charity above all other things, including their own interests and the interests of the Board or any other organisation.
- 4.5 The Chair of the Trustees shall be elected from within the body of the Trustees. Any Trustee may be nominated. In the event of more than one nomination the incumbent chair will organise a fair selection process that takes account of the Trustees' views. In the absence of nominations the incumbent chair will nominate a successor for the approval of the Trustees.

5. Statutory constitution

- 5.1 The founding document of the charity is the National Health Service (Scotland) Act 1978 ('the 1978 Act'). Section 82 of the National Health Service (Scotland) Act 1978 establishes the endowments to be held by the health board:

(1) All endowments vested in a Health Board by virtue of section 37 of the National Health Service (Scotland) Act 1972 are so vested free of any trust existing immediately before 1st April 1974 (hereafter in this section referred to in relation to any such endowment as "the original trust"); but all such endowments shall be held by the Health Board on trust for such purposes relating to services provided under this Act in or in relation to hospitals, or to the functions of the Board with respect to research, as the Board may think fit.

(2) All property vested in a Health Board by virtue of section 39 of the said Act of 1972 is so vested free of any trust existing immediately before the said 1st April (hereafter in this section referred to in relation to any such property as "the original trust"); but all such property shall be held by the Health Board on trust for such purposes relating to services provided by them under this Act, or to the functions of the Board with respect to research, as the Board may think fit.

(3) In exercising the power conferred on them by this section in relation to any endowment or property a Health Board shall secure, so far as is reasonably practicable, that the objects of the original trust (including, in the case of an endowment, the objects of the endowment) and the observance of any conditions attaching thereto, including, in particular, conditions intended to preserve the

memory of any person or class of persons, are not prejudiced by the exercise of the power.

- 5.2 The National Health Service (Scotland) Act 1978 ('the 1978 Act') also sets out the basis of the "purposes relating to services under this Act", which is of relevance to determining the charity's purpose.

Section 1: General duty of Secretary of State.

It shall continue to be the duty of the Secretary of State to promote in Scotland a comprehensive and integrated health service designed to secure;

(a) improvement in the physical and mental health of the people of Scotland, and,

(b) the prevention, diagnosis and treatment of illness,

and for that purpose to provide or secure the effective provision of services in accordance with the provisions of this Act.

Section 47 (2):

Without prejudice to the general powers and duties conferred or imposed on the Secretary of State under the Scottish Board of Health Act 1919, the Secretary of State may conduct, or assist by grants or otherwise any person to conduct, research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as he thinks fit.

6. Purposes

- 6.1 The purposes of the charity are:

- the advancement of health, through:
 - (a) improvement in the physical and mental health of the board's population;
 - (b) the prevention, diagnosis and treatment of illness;
 - (c) the provision of services and facilities in connection to the above; and
 - (d) the research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit.
- to observe any conditions attached to a donation or legacy prescribed by a donor to the charity, so far as is reasonably practicable, and consistent with the above purpose and the law.

- 6.2 The charity's funds shall only be used for the purposes described at 6.1.

- 6.3 The Board, by virtue of Section 82 of the National Health Service (Scotland) Act 1978, holds the charity's funds on trust. The board recognises that this places legal responsibilities on its individual members as Trustees.

6.4 The board agrees that the Trustees shall observe the following principles whilst discharging their responsibilities under this charter and the law. This is to reduce the risk of any conflict of interest arising between the role of a Board member, and the role of a Trustee.

7. Agreed principles for the use of endowment funds

7.1 The Trustees may issue instructions or procedures, or introduce internal control measures to implement the following principles, to support the discharge of the Trustees' responsibilities:

- the grant of endowment funds should not substitute for a core provision within the NHS Board's financial plans. Nor should endowment funds be used to cover a responsibility of the NHS board that is a direct requirement of health and safety or employment law or a ministerial policy direction.
- an employee of the board or the Trustees may only benefit from the charity, where the grant or award conferring the benefit satisfies the "public benefit" element of the charity test, as set out in the Charities and Trustee Investment ("Scotland") Act 2005, and the guidance on "Meeting the Charity Test" published by OSCR. The expenditure must be aimed at improving health, or the prevention, diagnosis or treatment of illness for the Boards residents and any benefit to the employee must be incidental to (and necessary for) that public benefit to be realised
- neither the charity's funds in totality, nor any individual fund (restricted or unrestricted) shall be permitted to go into deficit at any time
- it is solely for the Trustees to determine how the charity is to be administered, and what expenditure is permitted, providing that all decisions are consistent with this charter. The Trustees shall discharge their responsibilities free from any external direction
- all charity expenditure must comply with this Charter, and have received the direct approval of the Trustees or be within the limits of any expressly delegated authority that the Trustees may have granted to an individual or a Committee

8. Governance and administration

8.1 The Trustees shall approve standing orders for the conduct of Trustees' meetings and business.

8.2 The Trustees shall approve the arrangements for the management and administration of the charity.

8.3 The Trustees shall approve all policies and procedures to be applied to the administration of the charity's activities.

- 8.4 The Trustees shall adopt the board's standing financial instructions for the charity's activities. However the Trustees may adapt these provisions in order to best serve the requirements of the charity.
- 8.5 The Trustees shall directly approve all matters relating to the charity, unless they have expressly delegated the matter to another person or committee.

Standing Orders for the meetings of the Trustees of the health board endowment fund

1. General

- 1.1 These Standing Orders are for the regulation of the conduct and proceedings of the Health Board Endowment Fund. The Standing Orders cover the meetings of the Trustees, and any committees or sub-committees that the Trustees may establish.
- 1.2 Any statutory provision or regulation shall have precedence if it is in conflict with these Standing Orders.
- 1.3 Any one or more of these Standing Orders may be suspended on a duly seconded motion, incorporating the reasons for suspension, if carried by a majority of the Trustees present.
- 1.4 Any one or more of these Standing Orders may be varied or revoked at a meeting of the Trustees by a majority of Trustees present and voting, provided the agenda for the meeting at which the proposal is to be considered clearly states the extent of the proposed repeal, addition or amendment.
- 1.5 In these Standing Orders, references to the male gender shall apply equally to the female gender.
- 1.6 A copy of these Standing Orders shall be provided to all Trustees on appointment.

2. Trustees

- 2.1 The charter of the health board endowment fund sets out who are the Trustees.

3. Chair

- 3.1 The Chair of the Trustees shall be elected from within the body of those Trustees who are also non-executive members of the NHS Board. Any Trustee may be nominated. In the event of more than one nomination the incumbent chair will organise a fair selection process that takes account of the Trustees' views. In the absence of nominations the incumbent chair will nominate a successor for the approval of the Trustees.
- 3.2 At every meeting of the Trustees the Chair, if present, shall preside. If the Chair is absent from any meeting a Trustee, who is also a non-executive member of the Board, shall be nominated in advance by the Chair. If the Chair has been unable, through unforeseen circumstances, to nominate a replacement in advance, a Trustee, who is also a non-executive member of the NHS Board, shall be chosen at the meeting to preside.

3.3 The duty of the person presiding at a meeting of the Trustees or its Committees is to ensure that the charter and these Standing Orders are observed, to preserve order, to ensure all of the Trustees have an opportunity to contribute and are treated fairly and with respect, and to determine all questions of order and competence. The ruling of the person presiding shall be final and shall not be open to question or discussion.

3.4 The Chair may resign office at any time on giving notice to the Scottish Ministers and shall hold office in accordance with appointment by Scottish Ministers unless he/she is disqualified.

4. Secretary

The Trustees shall agree a secretary to each committee. The committee secretarial support may be commissioned as a service from the NHS board.

5. Resignation and removal of members

5.1 A Trustee may resign office at any time during the period of appointment by giving notice in writing to the Scottish ministers to this effect.

5.2 If the Scottish ministers consider that it is not in the interests of the health service that a member of the board should continue to hold that office they may forthwith terminate that person's appointment. Any individual whose appointment to the Board is terminated will automatically cease to be a Trustee.

5.3 Where any Trustee becomes disqualified in terms of Section 69 of the Charities and Trustee Investment ("Scotland") Act 2005 that Trustee shall immediately cease to be a Trustee.

6. Ordinary Meetings

6.1 The Trustees shall meet at least two times in the year and meetings of the Trustees, unless otherwise determined in relation to any particular meeting, shall be held at a date, time and venue determined by the Trustees or the Chair and specified in the notice calling the meeting.

6.2 Subject to Standing Order 6.6 below, the nominated secretary shall convene meetings of the Trustees by issuing to each Trustee, not less than five clear days before the meeting, a notice detailing the place, time and business to be transacted at the meeting, together with copies of all relevant papers (where available at the time of issue of the agenda).

6.3 Meetings of the Trustees may be conducted in any other way in which each member is enabled to participate although not present with others in the same place.

- 6.4 A meeting shall be conducted in accordance with 6.3 above only on the direction of the Chair, or in the absence of the Chair, the Trustee nominated to act as Chair for that meeting.
- 6.5 Any notice of meeting shall be delivered electronically to each Trustee or sent by post to the place of residence of each Trustee, or such other address as notified by them to the Secretary.
- 6.6 Inadvertent lack of service of the notice on any Trustee shall not affect the validity of a meeting.

7. Decisions reserved to Trustees' meetings

- 7.1 The following matters may only be approved at a Trustees' meeting:
- Any strategy relevant to the charity.
 - Any policy or procedure pertinent to the system of governance and control to be applied to the charity's activities including the policies relating to acceptance of donations and approach to investment. These policies are set out as appendices A3 and A4.
 - The annual accounts, report, and any required returns to OSCR.
 - The terms of reference of any committee or sub-committee to be established by the Trustees in order to discharge their responsibilities and manage the activities of the charity.
 - The arrangements for management and administration of the charity's activities.
 - The appointment of external auditors, and agreement of their fees.
 - The appointment of investment advisors or changes to the investment arrangements for the funds.
 - Any proposed changes to the charter of the board endowment fund.
 - Any proposal to rationalise the number of separately identified ward funds and stewards.

To ensure the Trustees have adequate background information to decide on the matters above, they will receive at least annually the following information in addition to documents specifically mentioned above:

- an annual report on the funds investment and their performance;
 - a list of all funds under separate stewardship, including a full statement of the objective for any separately identified funds over £50,000.
- 7.2 The Trustees may not delegate their responsibilities; however they can delegate necessary functions for the conduct of their business (other than that described at 7.1) to committees or to individual officers or individual stewards.

- 7.3 The Trustees may delegate responsibility for certain matters to the Chair for his action. In such circumstances, the Chair's action should be homologated at the next ensuing ordinary meeting of the Trustees.
- 7.4 The Trustees may also delegate oversight of endowment fund matters between full committee meetings and give delegated decision making powers to a sub-committee of Trustees. The remit and delegated authority of the endowment sub-committee is set out in appendix A2.
- 7.5 The Trustees shall approve a document setting out the respective responsibilities and authority of individuals acting on the Trustees' behalf.
- 7.6 The Trustees may, from time to time, request reports on any matter or may decide to reserve any particular decision for a meeting of the Trustees.

8. Special meetings

- 8.1 The Chair of the Trustees may call a special meeting of the Trustees at any time so long as at least 3 days notice shall be given.
- 8.2 The Chair of the Trustees shall call a special meeting of the Trustees on receipt of a requisition in writing for that purpose which specifies the business to be transacted at the meeting and is signed by one third of the whole number of Trustees.
- 8.3 In the case of a requisitioned meeting, the meeting shall be held within 14 days of receipt of the requisition and no business shall be transacted at the meeting other than that specified in the requisition.
- 8.4 If the Chair refuses to call a meeting of the Trustees after a requisition for that purpose, or if, without so refusing, does not call a meeting within 7 days after such a requisition has been presented, those Trustees who presented the requisition may forthwith call a meeting by signing the notice calling the meeting provided that no business shall be transacted at the meeting other than that specified in the requisition.

9. Conduct of meetings

- 9.1 A meeting of the Trustees shall be deemed to have been held when a quorum of at least one third of the Trustees are present, of whom at least 2 of those present are non-executive members of the Health Board. In the event of this quorum not being reached, it shall be deemed that the meeting has not taken place, and consequently no Trustees business shall be transacted or minuted. The Chair may set a time limit to permit the required number of Trustees to be present before formally abandoning the proceedings. If a Trustee leaves during a meeting, with no intention of returning, and this has the effect of removing the quorum, the meeting shall be brought to an end.

- 9.2 In the event of a Trustees' meeting not proceeding due to quorum not being reached, the Chair shall record the circumstances and report them to the next meeting of the Trustees.
- 9.3 No business shall be transacted at any meeting of the Trustees other than that specified in the agenda except on grounds of urgency and with the consent of the majority of the Trustees present. Any request for the consideration of an additional item of business shall be raised at the start of the meeting and the consent of the majority of Trustees for the inclusion must be obtained at that time.
- 9.4 With prior agreement the Chair may propose that certain minor items of business may be conducted electronically. The Trustees must be afforded the same access to papers as they would for an ordinary meeting, electronic comments and approvals may be received any time during the notice period (which should not be less than 5 days) and must be shared with all Trustees. Quorum will be the same as for an ordinary meeting and the Chair shall judge the final outcome of the decision based on comments received.
- 9.5 All acts of, and all questions coming and arising before, the Trustees shall be done and decided by a majority of the Trustees present and voting at a meeting of the Trustees. Majority agreement may be reached by consensus without a formal vote. Where there is doubt, the Trustees shall formally vote by a show of hands, or by ballot, or any other method determined by the person presiding at the meeting.
- 9.6 In the case of an equality of votes, the person presiding at the meeting shall have a second or casting vote.
- 9.7 A motion, which contradicts a previous decision of the Trustees, shall not be competent within six months of the date of such decision, unless
- at the time the original motion was passed it was noted as provisional and subject to amendment within six months or
 - the need for the change comes from a new legal requirement, a newly introduced, or a clarification of a, legal point that was not available at the time of the original decision.
 - where a decision is rescinded, it shall not affect or prejudice any action, proceeding or liability that may have been competently done or undertaken before such decision was rescinded.
10. Minutes
- 10.1 The names of Trustees and other persons present at a meeting of the Trustees, or of a committee of the Trustees, shall be recorded in the minutes of the meeting.

10.2 Minutes of the proceedings of meetings of the Trustees and its committees and decisions thereof shall be drawn up by the nominated secretary and be submitted to the next ensuing meeting of the Trustees or relevant committee for approval as to their accuracy.

11. Order of debate

11.1 Any motion or amendment shall, if required by the Chair, be reduced to writing, and after being seconded, shall not be withdrawn without the leave of the Trustees. No motion or amendment shall be spoken upon, except by the mover, until it has been seconded.

11.2 After debate, the mover of any original motion shall have the right to reply. In replying he shall not introduce any new matter, but shall confine himself strictly to answering previous observations and, immediately after his reply, the question shall be put by the Chair without further debate.

11.3 Any Trustee in seconding a motion or an amendment may reserve his speech for a later period of the debate.

11.4 When more than one amendment is proposed, the Chair of the meeting shall decide the order in which amendments are put to the vote. All amendments carried shall be incorporated in the original motion which shall be put to the meeting as a substantive motion.

11.5 A motion to adjourn any debate on any question or for the closure of a debate shall be moved and seconded and put to the meeting without discussion. Unless otherwise specified in the motion, an adjournment of any debate shall be to the next meeting.

12. Adjournment of meetings

12.1 A meeting of the Trustees, or of a committee of the Trustees, may be adjourned by a motion, which shall be moved and seconded and be put to the meeting without discussion. If such a motion is carried, the meeting shall be adjourned until the next scheduled meeting or to such day, time and place as may be specified in the motion.

13. Declaration of interests and register of interests

13.1 Trustees shall observe all their obligations under the Charities and Trustee Investment (Scotland) Act 2005. All Trustees must put the interests of the charity before their own personal interests or other duty they may have, or any other person or organisation.

13.2 The Trustees shall follow the processes established for members of the board, for compliance with the Ethical Standards in Public Life Act (Scotland) 2000. Any

- interests registered or declared as a consequence of observing the associated code of conduct, shall be used for the application of these Standing Orders. A separate register of interests shall be maintained for the Trustees from the register maintained for board members.
- 13.3 Any Trustee who has a clear and substantial interest in a matter under consideration by the Trustees or a committee should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the Trustees' register of interests. Such declarations should make clear the interest and whether it is of an either direct or indirect financial nature.
- 13.4 Where such an interest is of a direct or indirect financial nature, the member involved should withdraw from any meeting and not speak, participate in or otherwise seek to influence any decision taken by the Trustees or committee relating to the matter under discussion.
- 13.5 Trustees who are also principals or other employees of bodies which receive funds from the charity (other than the NHS Board) may participate in general discussions and decisions regarding such bodies, but should withdraw and not participate in any discussion or decision which relates principally to the particular institution with which they are associated. The Chair should take particular care to ensure that no possible conflict of interest in this area is allowed to arise.
- 13.6 Where a Trustee has an interest that is not financial but which is relevant to the Trustees' business, that interest should be declared. Where the interest is substantial, the member involved should withdraw from discussions and decisions relating to that interest. Where an interest arises from membership of a public body and is not of a financial nature, full participation in the discussion and decision is permitted.
- 13.7 In all cases, "Trustees' interests" covers also the interests of any related parties, including family members or members of the same household who may be expected to influence, or be influenced by, Trustees.
- 13.8 In all circumstances, Trustees should ask themselves whether members of the public, knowing the facts of the situation, could reasonably conclude that the interest involved might influence the approach taken to the actions of the Trustees. If so, the interest is sufficient to oblige the Trustee to withdraw.
- 13.9 In case of doubt as to whether any interest or matter should be the subject of a notice or declaration under the code, Trustees should err on the side of caution and submit a notice/make a declaration or seek guidance from the nominated secretary as to whether a notice/declaration should be made.
- 13.10 Where the code requires an interest to be registered, or an amendment to be made to an existing interest, this shall be notified to the nominated secretary by giving notice in writing using the standard form available from the nominated secretary within one month of the interest or change arising. The nominated

secretary will write to Trustees every year to request them to formally review their declaration.

- 13.11 Persons appointed as Trustees shall have one month to give notice of any registerable interests under the code, or to make a declaration that they have no registerable interest in each relevant category as specified in the standard form to be supplied by the nominated secretary.
- 13.12 The nominated secretary shall be responsible for maintaining the register of interests and for ensuring it is available for public inspection at the principal offices of the charity at all reasonable times.
- 13.13 The register shall include information on:-
- the date of receipt of every notice;
 - the name of the person who gave the notice which forms the entry in the register;
 - a statement of the information contained in the notice, or a copy of, that notice.
- 13.14 Trustees shall make a declaration of any gifts or hospitality received in their capacity as a Trustee. Such declarations shall be made to the nominated secretary, and they shall be made available for public inspection at all reasonable times at the principal offices of the board.

14. Suspension of Trustees

14.1 Any Trustee who disregards the authority of the Chair, obstructs the meeting, or their conduct is considered offensive shall be suspended for the remainder of the meeting, if a motion (which shall be determined without discussion) for the suspension is carried. Any person so suspended shall leave the meeting immediately and shall not return without the consent of the meeting. If a person so suspended refuses, when required by the Chair, to leave the meeting, they may immediately be removed from the meeting by any person authorised by the Chair so to do.

15. Admission of public and press

15.1 Meetings of the Trustees shall not be open to the public and press unless the Trustees decide otherwise in respect of a particular meeting.

16. Committees

16.1 The Trustees shall appoint such committees and sub-committees as they think fit to uphold the charter and discharge their responsibilities. The Trustees shall approve the terms of reference of any such committee or sub-committee.

16.2 Any Trustee may deputise for another Trustee at any meeting.

16.3 Committee chairs and vice-chairs shall be appointed by the Trustees on the recommendation of the Chair of the Trustees.

16.4 The Chair of a committee may call a meeting of that Committee any time and shall call a meeting when requested to do so by the Trustees.

16.5 The foregoing standing orders, so far as applicable, and so far as not hereby modified, shall be the rules and regulations for the proceedings of formally constituted committees and sub-committees, subject always to the following additional provisions:-

- a quorum for a committee or sub-committee shall in no case be less than two Trustees who are also non-executive members of the board. The requirement for a quorum to be present, as described in paragraph 9.1, shall apply to committee and sub-committee meetings, except that the Chair shall wait no longer than 30 minutes from the announced starting time for a quorum to be reached.
- In the event of a committee meeting not proceeding due to its quorum not being reached, the committee Chair shall record the circumstances and formally report this to the next meeting of the Trustees. In the case of a sub-committee, the report shall be provided to its parent committee.

- If the absence of the Chair of the committee or sub-committee has contributed to quorum not being achieved, then another non-executive member of the committee or sub-committee (who was present) should prepare the report. The relevant executive director of the board should prepare the report if there were no non-executive members present.
- All Trustees shall have the right to attend all committees except where the terms of reference of such committees do not permit this.
- Meetings of committees and sub-committees shall not be open to the public and press unless the Trustees decide otherwise in respect of a particular committee or a particular meeting of a committee. However, all papers and minutes should be drafted on the presumption that they will become immediately accessible to the public under the Freedom of Information (Scotland) Act 2002 and the designation as “Reserved Business” of any reports or minutes that are felt by the responsible director to be confidential must be justified in respect of a specific exemption under the act.
- Committees of the Trustees and their chairs can be appointed at any meeting of the Trustees. Vacancies in the membership of committees shall be filled, so far as practicable, by the Trustees at the next scheduled meeting following a vacancy occurring.
- Committees of the Trustees may appoint sub-committees and chairs thereof as may be considered necessary.
- Minutes of the proceedings of committees shall be drawn up by the nominated secretary and submitted to the Trustees at the first scheduled meeting held not less than seven days after the meeting of the committee for the purpose of advising the Trustees of decisions taken.
- Minutes of meetings of sub-committees shall be submitted to their parent committee at the first scheduled meeting of the parent committee held not less than seven days after the meeting of the sub-committee for the purpose of advising the committee of decisions taken.
- A committee, or sub-committee may, notwithstanding that a matter is delegated to it, direct that a decision shall be submitted by way of recommendation to the trustees or parent committee for approval.

Terms of reference for the NHSGGC Endowment Fund Management Committee

Endowment Fund Management Committee Remit

The remit of the committee is to review proposals and make recommendations to the Trustees with respect to:

- expenditure policy;
- donations policy;
- the annual budget for the general fund;
- the investment strategy including policy on investment risks;
- the appointment of investment managers
- the opening of bank accounts;
- the appointment of auditors;
- reserves policy;
- any operating policy or procedure to support good governance and internal control of the charity; and
- any matter that may assist the Trustees in discharging their duties.

In support of the above the committee shall:

- receive quarterly reports from the investment managers, and review performance of the portfolio against relevant benchmarks and investment objectives;
- receive quarterly reports on fund income and expenditure against the approved annual budget;
- receive a report on any individual donations received in excess of £10,000.
- consider the annual accounts and any audit findings in detail before recommending approval of the accounts to the Trustees;
- receive, at least twice annually, a full list of all the funds under stewardship.

Delegated Authority

The committee also has delegated authority to:

- interpret the agreed policies and procedures, and decide how they are to be applied for any given issue. If the issue discussed cannot be resolved within the terms of existing policies and procedures, the issue must be referred to the Trustees;
- approve the annual general fund budget;
- approve applications for items not specifically covered by the approved annual general fund budget;

- accept on behalf of the Trustees any bequests or legacies;
- investigate any activity within its terms of reference. It is authorised to seek any information it requires from any Board employee, and all employees are directed to co-operate with any request made by the Committee;
- obtain outside legal or other independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary.

Membership

The Trustees shall appoint 7 Trustees to be members of this committee. The Trustees will review and approve the Committee membership annually.

All Trustees have the right to attend committee meetings, and have access to the papers.

The Chair of the endowment fund shall also be the chair of the endowment sub-committee unless an alternative arrangement is agreed by the Trustees.

The members of the endowment sub-committee will nominate a person to provide secretarial services. This may be as part of the management and administrative services provided by the board.

Other individuals, such as employees of the board, shall be invited to attend as business requires.

Frequency of meetings

Meetings of the Committee shall be held at such intervals as the committee may determine in order to conduct its business. In any event, meetings shall normally be held four times a year.

Quorum

The Committee shall not be regarded to meet, and no business shall be conducted or minutes taken, unless there are 4 Trustees present, 2 of whom must be non-executive members of the board.

Reporting arrangements

The Committee will report to the Trustees by means of submission of minutes to the next available Trustees' meeting.

Policy on acceptance of donations

Trustees should recognise that the acceptance of donations is an extremely sensitive area. It is essential that, when accepting donations, consideration is given to the charity's ability to fulfil the wishes of the donor as well as any potential impact on the charity's reputation.

Acceptable Donations

The following donations are considered acceptable provided they are in keeping with the objectives of the board endowment fund.

- from patients, relatives or visitors of patients
- from charitable organisations
- from members of the general public
- from employees
- from local authorities
- from the business community
- from special fundraising activities approved by the Trustees

Unacceptable Donations

The following donations are considered unacceptable.

- From organisations where any association could bring the NHS into disrepute, including any organisations which would be excluded for investment as per the Ethical Investment Policy.
- From any organisation which may seek to gain publicity or use the fact of a donation in any advertising campaign that is not consistent with the aims and values of the NHS endowment fund.
- Any donation where it would appear that the NHS is endorsing or promoting any particular medicinal or other product.

The Trustees will not accept donations where to do so would, in its considered opinion:

- compromise its status as a charity.
- limit freedom of enquiry.
- create unacceptable conflicts of interest.
- cause adverse damage to the Board's reputation (including deterring significant numbers of beneficiaries or other donors).

- cause financial loss or any other damage to the Endowment Funds or Health Board.
- be directly in contradiction of the Health Board's mission, objectives and values.
- Due Diligence

Great care will be taken by the Trustees in deciding whether to accept or refuse a donation where:

- an offer of support is itself dependent upon the Charity first spending its own money or resources in order to facilitate the execution of the original offer of support, as this might be placing the Charity's assets under undue and inappropriate risk.
- the support, whilst reflecting the Charity's objectives, is impractical for instance because the Endowment Funds do not have the resources with which to maintain the running costs associated with it.
- the support consists of goods, services, products or property which the Board cannot lawfully use, convert, exchange or sell in direct support of its charitable objectives.
- the offer is dependent upon the satisfaction of conditions by the Board or Trustees which are contrary to the Board and Trustee's values and objectives, or unreasonable in relation to the nature of the donation.
- conditions tie the donation to a specific activity and the activity itself is not within the objectives or strategy of the Board.

The Trustees will undertake all reasonable research on donation pledges to ensure that it is aware of the ultimate source of funding for each gift and to satisfy itself that the funds do not derive, directly or indirectly, from activity that was or is illegal or which runs counter to the provisions of this policy. This research will also include checks to determine whether the individual or organisation offering the donation in fact has the funds to do so. This research will involve appropriate searches of web and other resources and databases, and the results will be recorded on the Board's own information systems.

The test of compliance with this policy must be undertaken prior to solicitation wherever possible rather than at the point of acceptance. An unsolicited bequest would be an example of an exception to this general approach.

Potential gifts which may raise issues in terms of their acceptability under this policy or which may give rise to significant public interest or attract adverse comment will be drawn to the attention of the Assistant Director of Finance – Financial Services, Capital & Payroll at the earliest possible stage.

The Assistant Director of Finance will be provided with full information of the purpose and background to the potential donation and shall determine how to proceed in consultation with the Chair of the Endowments Committee. This may involve referral of the matter to Endowments Committee, and particularly so where there is any doubt or room for contention.

In undertaking due diligence to assess the acceptability of a potential gift the Trustees will have regard to the rights of prospective donors and will seek to distinguish between rumour or speculation and matters of confirmed fact or legal finding.

Guidance

The following guidance on donations is given.

- Consideration must be given to donations from existing or future suppliers to the NHS. Such donations may be acceptable but it should be made clear that any such arrangements are completely separate from normal commercial transactions.
- Special attention should be given to donations from patients or relatives. In particular nothing should be done which might appear to either put pressure on or offer inducements to patients or their relatives to contribute.
- Donations should not be accepted from a commercial organisation during any tender negotiating process.
- Donors should be encouraged to donate funds on as general a basis as possible in order to maximise the flexibility and the benefit that can be derived from their deployment.
- There needs to be appropriate consideration as to whether any specific wishes of the donor are consistent with the charitable purposes of the fund or are for a purpose which the Trustees are likely to support or are for a board service or facility which the board is likely to be able to deliver
- Members of the endowment sub-committee are required to decide on the acceptance of bequests and legacies taking into account the above guidance.
- If the Trustees deem a donation to be unacceptable, it will be returned to the donor.

The revenue implications on receiving any bequest or legacy should also be considered by the sub committee. Where there are ongoing revenue implications for example in maintaining an item of medical equipment then this should be discussed with the appropriate Head of Finance prior to accepting the bequest or legacy.

Investment policy

The assets of the endowment fund will be invested to provide a balance between long term growth, security, availability and maximisation of annual income.

Decisions on investment policy and the types of investment to acquire and retain are complex and require the services of independent investment advisers.

At all times the annual budget of the board endowment fund shall be set at such a level that the fund would be able to absorb both the annual expenditure commitment and any foreseeable level of fluctuation within the finance markets.

A report from the investment adviser should be considered by the endowment sub-committee quarterly and the full Trustees annually.

The Trustees shall periodically consider whether a change to the investment arrangements would be in the interests of the charity.

As part of the preparation for the annual accounts there will be a reconciliation of the balance in the year end valuation summaries produced by the investment adviser and the balances in the endowment fund financial statements.

The fund has three investment portfolios which are explained below.

Ethical Investment

Investment Restrictions – Portfolio A

The portfolio is managed according to the GGC ethical policy, implemented using Ethical Investment Research and Information Services (EIRIS). The objective of the Portfolio A is to achieve a return equivalent to the Retail Price Index plus 3% to 4% per annum, over the long term through a broadly diversified portfolio. This includes a mixture of equities, gilts/bonds, and a minimum level of cash investment.

Sector Restrictions

The Investment Manager may not directly invest in companies that derive:

- More than 10% of turnover from the production or distribution of alcohol
- More than 10% of turnover from the production of tobacco
- More than 10% of turnover from the support to the tobacco industry
- More than 10% of turnover from the production of conventional weapons
- Any turnover from the production of key parts or services for conventional weapons
- Any turnover from controversial weapons

Equity concentration

The Investment Manager may invest up to a maximum of:

- 5% of the Portfolio's equity and corporate bond assets in any one issuer at the time of purchase
- 20% of the Portfolio's equity and corporate bond assets in any one global sector.

Other

- The Investment Manager shall not undertake stock lending.
- The Investment Manager may not borrow money on behalf of the Portfolio. The Investment Manager may incur what it considers to be short-term overdrafts for the purpose of financing the settlement of transactions.
- The Investment Manager may not invest directly in property. For the avoidance of doubt, the Investment Manager may invest in unitised property vehicles, property unit trusts, such as real estate investment trusts (REITS), and shared in a quoted property company.

Investment Restrictions – Portfolio B

The portfolio is managed according to the GGC ethical policy, implemented using Ethical Investment Research and Information Services (EIRIS).

Portfolio B is a lower risk portfolio intended to cover those funds where protection from capital fluctuation is necessary. A positive return is not guaranteed and a capital loss may occur.

The Portfolio is actively managed with a fixed income strategy. It has an upward only target with an emphasis on long term investing and downside risk management.

Allowable assets

The Investment Manager can invest in up to 50% in any of:

- Government bonds
- Emerging market sovereign bonds
- Investment grade corporate bonds
- High yield corporate bonds
- Cash
- Derivatives
- Currencies (min 50% in base currency)
- Further Solvency II optimisation

Sustainable criteria

There is no investment in:

- Issuers that breach the UN Global Compact Principles of corporate sustainability
- Issuers incompatible with the 1.5 to 2 degree world

Activities associated with market failures such as Tobacco are to be avoided

Investment will only be in 'allowed' countries as per proprietary sovereign matrix.

Investment Restrictions – Portfolio C

This is a cash investment portfolio intended to support short term liquidity needs.