

AGENDA ITEM NO:

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
 BOARD OF DIRECTORS
 THURSDAY 3 JUNE 2010**

Title:	INVESTMENT COMMITTEE ANNUAL REPORT TO BOARD OF DIRECTORS
Responsible Director:	Clare Robinson, Chair of Investment Committee
Contact:	David Burbridge, 0121 627 2881.

Purpose:	To present the annual investment committee report to the Board of Directors, being a summary of the Committee's work and proposed priorities for the current year.
Confidentiality Level & Reason:	None
Medium Term Plan Ref:	
Key Issues Summary:	<p>The Investment Committee's chief function is to provide an independent and objective review of investment opportunities and performance, within the scope of its terms of reference. In order to discharge this function, the Committee reviews specific investment opportunities before they are presented to the Board of Directors ("the Board"). The Chair of the Investment Committee provides regular verbal reports to the Board and prepares a formal written report for the Board at the end of the financial year.</p> <p>This report covers the period from the Committee's formation to the end of the financial year 09/10.</p>
Recommendation:	The Board of Directors is requested to receive this report on the activities of the Investment Committee and the priorities identified for 2010/2011 and support the Committee's conclusions.

Signed:	Date: May 2010
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**INVESTMENT COMMITTEE
ANNUAL REPORT TO THE BOARD OF DIRECTORS
MAY 2010**

1 Introduction

- 1.1 The Chair of the Investment Committee provides regular verbal reports to the Board of Directors (“the Board”) and prepares a formal written report for the Board at the end of the financial year.
- 1.2 This report covers the period from the Committee’s formation (5 March 2008) to the end of the financial year (31 March 2010).

2 The Role and Operation of Committee

- 2.1 The Committee’s role is to provide an independent and objective review of investment opportunities and performance, within the scope of its terms of reference.
- 2.2 The Committee’s scope covers the investment of surplus and operating cash and medium to long term investments.

2.3 Membership of the Committee

- 2.3.1 The members of the Committee during the period of this Report were as follows:
Ms Clare Robinson (Chair)
Professor Michael Sheppard (from formation to June 2009)
Prof David Bailey (on leave of absence from September 2008 to July 2009)
Revd Mark Santer (from November to December 2008)
Ms Gurjeet Bains (from December 2008)
Ms Angela Maxwell (from July 2009)
Mr Mike Sexton
- 2.3.2 The members of the Committee disclosed their interests, which included the following, in the Trust’s Register of Interests:
The Rt Rev Mark Santer - Member of Council. University of Birmingham
Prof David Bailey - Employee of the University of Birmingham and then Coventry University
Prof Michael Sheppard - Employee of the University of Birmingham
- 2.3.3 The Director of Corporate Affairs, the Commercial Director and the Deputy Director of Finance attended meetings of the

Committee as a matter of course and other officers of the Trust attended meetings of the Committee on request.

2.4 Operation of the Committee

2.4.1 Meetings and attendance

Fifteen meetings took place during the period covered by this report and were attended as follows:

Directors	No. of meetings attended*
Clare Robinson	All
Gurjeet Bains	5 out of 9
David Bailey	4
Mark Santer	1 out of 2
Michael Sheppard	6 out of 9
Angela Maxwell	4 out of 5
Mike Sexton	14

*While a member of the Committee

**David Bailey was granted a leave of absence from September 2008 to July 2009 with the approval of the Board of Governors

2.4.2 All meetings of the Committee during the period were quorate save one – this meeting was held on an informal basis and the matters were dealt with formally at the following meeting.

2.5 At its formation, there was little published precedence to follow on best practice for the operational practices of a Foundation Trust Investment Committee. The committee has therefore developed its own approach, taking full account of the requirements of Monitor's guidance, "Risk Evaluation for Investment Decisions by NHS Foundation Trusts", the Trust's Investment Policy and Standing Orders and Standing Financial Instructions.

2.6 During its initial months of operation, the Committee developed a full Commercial Strategy and Investment policy which was formally approved by the Board of Directors in October 2009. This document will be subject to regular review by the Committee.

2.7 At each of its meetings the Committee is presented with an overview of all of the commercial opportunities being considered by the Trust ("the commercial plan"). Depending on the development stage of each opportunity, some items are presented and reviewed in detail. This enables the Committee to become informed at an early stage of the potential opportunities in the Trust.

2.8 As appropriate, the Committee will review in depth any opportunity which is to be taken to the Board for Board Approval. Matters which have been taken to the Board include:

2.8.1 Xchanging partnership

2.8.2 Options for future of Sterile Fluids Manufacturing Unit

- 2.8.3 Commercial development of PICs
- 2.8.4 Commercialisation of the Trust's Healthcare Evaluation System
- 2.8.5 Commercialisation of the Cochlea Bone Drill Project

3 Conclusions

Based on the information presented and discussed at the Committee meetings during the year, the Committee has concluded that it has discharged its duties appropriately.

4 Priorities for 2010/11

The Committee has identified the following priorities for activity during the 2010/11 financial year:

- 4.1 Continue to monitor the progress, development and risk profile of the ongoing portfolio of commercial opportunities;
- 4.2 Review and consider in depth as appropriate emerging commercial opportunities;
- 4.3 Ensure the activities of the Committee are understood within the Trust; and
- 4.4 Improve the operation of the Committee through developing the knowledge base and experience of the Committee Members by inviting external professional experts to attend the Committee.

5 Recommendation

The Committee recommends that the Board of Directors receives this report on the activities of the Investment Committee as reported above, the priorities identified for 2010/2011 and supports the Committee's conclusions.

Clare Robinson, Chair

May 2010