

Minutes of a Meeting of **Borders NHS Board Endowment Fund Board of Trustees** held on Wednesday, 25th September 2019 @ 2 p.m. in the Board Room, Newstead.

Present: Mrs N Berry, Director of Nursing, Midwifery & Acute Services
 Mr M Dickson, Non Executive Director
 Mrs C Gillie, Director of Finance
 Mrs K Hamilton, Chair
 Dr S Mather, Non Executive Director
 Cllr D Parker, Non Executive Director
 Mr R Roberts, Chief Executive
 Mrs F Sandford, Non Executive Director
 Dr C Sharp, Medical Director (Arrived at 2.20 p.m.)
 Mr T Taylor, Non Executive Director
 Mrs A Wilson, Non Executive Director

In Attendance: Mrs B Everitt, PA to Director of Finance (Minutes)
 Miss H Fairburn, Head of Capital (Items 10.1 and 10.2)
 Mr G Reid, Investment Advisor
 Mrs S Swan, Deputy Director of Finance
 Mrs K Wilson, Fundraising Manager

1. **Introduction, Apologies and Welcome**

Karen Hamilton welcomed those present to the meeting. Apologies had been received from John McLaren, Employee Director and June Smyth, Director of Strategic Change & Performance.

2. **Declaration of Interests**

There were no declarations of interest.

3. **Minutes of Previous Meeting – 6th June 2019**

The minutes were approved as an accurate record.

4. **Matters Arising**

Action Tracker

The action tracker was noted.

5. **Funds Management**

5.1 *Investment Advisor Report*

Graham Reid spoke to this item. Graham reported that the portfolio value at 12th September 2019 was just over £5m. It was noted that for the year to date the portfolio had increased by 10.95% against the benchmark of 13.36%. Graham highlighted that the underperformance against the benchmark stemmed from investing the four cash transfers totalling just over £1.2m, with the most recent cash transfer now being largely invested. Graham confirmed that overall he was content with the performance of the portfolio. Graham highlighted that income from the portfolio has increased over the last year with the portfolio now delivering an annual income yield of £170k (3.37%). Graham tabled a paper and took Trustees through this which provided evidence that the

portfolio was on target for being assessed as medium risk. Graham advised that he did not feel it was necessary to move to a low/medium risk portfolio as the return from fixed income would be much lower and would suppress potential return on the portfolio, however if Trustees wished to move to a low/medium or medium/high risk portfolio then this was an option. Ralph Roberts enquired if the minimum/maximum targets are set by the regulator. Graham explained that Investec are asked to illustrate what a medium risk portfolio looks like and confirmed that the regulator was satisfied that the NHS Borders Endowment Fund is a medium risk approach. Stephen Mather reminded Trustees that Endowment Funds are for spending as the focus seemed to more around investing. Fiona Sandford endorsed Stephen's comments and added that she had confidence in the medium risk category as with the current market she did not feel that it was the right time to make any changes. Karen Hamilton felt that the report tabled was extremely useful and asked if this could be included with the regular reports going forward. Graham agreed to produce this for future meetings. Karen asked Trustees if they were content to continue with a medium risk portfolio. Trustees confirmed that they were. Ralph asked if it would be possible to see, as a comparison, how the portfolio would have looked had it not been medium risk. Susan advised that the Investment Policy was due to come to the January meeting and she would liaise with Graham to look at sensitivity testing as part of this.

The Board of Trustees noted the report and update.

6. **Financial Report**

6.1 *External Audit Memorandum Report – Update on Recommendations*

Susan Swan spoke to this item. Susan reminded Trustees that as part of the annual audit the External Auditor, Geoghegans, issued an Audit Memorandum noting that there were no significant issues identified and highlighted a number of recommendations to strengthen and improve governance processes and reporting. The report received today provided an update on these recommendations. Stephen Mather referred to page 2 and the amount noted against general unrestricted funds. Stephen reiterated his earlier point that these funds are for spending and staff should be encouraged to bid for funds. Malcolm Dickson suggested that it might be helpful if a copy of the Investment Policy and Governance Framework were made available in the near future for review. Susan confirmed that it was the intention to have this available for the January meeting. Susan also advised that she hoped to hold an informal meeting towards the end of the year to review all the documents under the governance framework before bringing to the January meeting for final approval.

The Board of Trustees noted the actions which are complete and those which are currently in progress with targeted completion dates.

6.2 *Primary Statements and Fund Balances*

Susan Swan spoke to this item which provided the financial report on Endowment Funds for the period to 31st August 2019. Susan reported that the income received for the year to date totalled £253,911. Susan highlighted that this was against of the Investment Advisor report but advised that this was due to a timing difference. Susan explained that a number of funds had very low values and that it was the intention to review these to consolidate funds which would hopefully help deliver more benefits. Susan highlighted that two areas, Automated Drug Cabinets and RQI Programme, were funded from unrestricted funds in line with approvals made last year. Ralph Roberts referred to the total value of unrestricted funds detailed on page 1 and asked if Trustees are able to make any commitments against these should they feel it is not being spent.

Susan confirmed that they could as long as it was fit for purpose under current guidelines.

The Board of Trustees noted the finance report to 31st August 2019.

6.3 *Register of Legacies and Donations*

The Board of Trustees noted the donations over £5,000 and all legacies received for the period to 31st August 2019. Susan highlighted the negative amount against the Palliative Care Fund and explained that this was due to an incorrect calculation and the money had been paid back to the solicitor who was managing an estate. Karen Hamilton asked for an update on the Charity for Care shop in Kelso. Karen Wilson advised that this has now raised over £300k over a five year period which was a tremendous effort.

The Board of Trustees noted the report and their thanks for the donations and legacies received.

7. **Governance Framework**

7.1 *Cash Management Policy*

Susan Swan spoke to this item. Susan reminded that Trustees had approved a flexible cash management policy in April with a proposed figure on the level of cash held to be agreed at this meeting. Susan recommended a target working balance of between £250k and £300k as this had been a successful operating margin over the last six months. This was agreed.

The Board of Trustees approved the Cash Management Policy as detailed within the report.

Graham Reid left the meeting for the next item.

8. **Endowment Fund Investment Advisor – Recommendation to Extend Contract**

Susan Swan spoke to this item which was a request to extend the contract with the Investment Advisor for one year. Susan advised that Investec were content to extend the contract for one year whilst keeping the same fees. It was noted that a market test exercise would be undertaken to appoint to an Investment Adviser during 2020/21. Stephen Mather stated that Investec had provided an excellent service with first class presentations at meetings. Carol Gillie confirmed that she was content with this proposal. Karen Hamilton queried if one year would be sufficient to undertake the tendering exercise due to the current pressures within Finance. Following discussion it was agreed to extend the contract by two years with a market test exercise being undertaken in 18 months.

The Board of Trustees approved an extension to the Investor Advisor contract with Investec Wealth & Investment for no more than two years with a market test exercise to be undertaken in 18 months.

9. **Endowment Fund External Auditor – Recommendation to Extend Contract**

Susan Swan spoke to this item which was a request to extend the contract with the Endowment Fund External Auditor for one year to complete the audit of the Annual Report and Accounts for 2019/20. It was noted that a market test exercise would be undertaken to appoint to an

External Auditor during 2020/21. Susan advised that Geoghegans were content to extend the contract for one year which would be within the same cost bracket.

The Board of Trustees approved a one year extension to the External Audit contract with Geoghegans to complete the audit of the Annual Report and Accounts for 2019/20.

The Board of Trustees approved a market test exercise be completed for the appointment of an External Auditor for the Endowment Fund during 2020/21.

10. Capital Spend

10.1 *Borders Macmillan Centre Extension Project - Update*

Hannah Fairburn spoke to this item. Hannah highlighted the main points within the report where it detailed the work that has been undertaken since January 2019. Hannah advised that the project continues to be managed and reported through a Project Team including membership from the Clinical Team, Capital Planning, Macmillan Cancer Support and the Fundraising Team. It was noted that Macmillan Cancer Support has committed a Health Planner resource to review the work completed to date and the schedule of accommodation.

Hannah advised that they are still working through all the options so it was not clear around the fundraising requirements at present. Alison Wilson enquired how much had been paid to the contractor who had gone into liquidation. Hannah confirmed that only the work undertaken to date had been paid for and NHS Borders had not incurred any penalty linked to the liquidation. Stephen Mather commented on how the demographics are going to change within the Borders area over the coming years with people living longer and felt it would be sensible to progress option 4, the two story extension. Hannah explained that they are currently gathering data, as well as input from the Healthcare Planner, prior to any decision being made. Nicky Berry stressed the need to be mindful of processes that require to be followed, particularly with issues experienced recently in other new build hospitals. Fiona Sandford agreed with this point and the need to adhere to guidance and pay attention to lessons learned from issues experienced within others Boards. Carol Gillie assured that national guidelines would be complied with.

The Board of Trustees noted the progress update.

The Board of Trustees noted that the cost of delivering the project is likely to increase.

The Board of Trustees noted that further discussions will be held once revised costs are known.

10.2 *Capital Projects Update*

Hannah Fairburn spoke to this item which provided an update on the projects undertaken during 2019/20, namely the Macmillan Centre project, Changing Facility project and Mammography project. In regard to the Changing Facility project Hannah advised that an external resource from SBC was working on this to move forward the options appraisal element. It was noted that the options appraisal was planned to be carried out on the 19th October 2019. Carol Gillie advised that the Joint Director of Public Health would be providing the Board with an update on the 3rd October 2019. Hannah referred to the Mammography project and advised that the source of funding for this was Walk the Walk charity and not Macmillan as stated in the paper. It was noted that this project would see the relocation of Mammography from Out Patients to

the Radiology Department on the ground floor as well as the purchase of new equipment which would improve the quality of services for patients.

The Board of Trustees noted the update.

11. **Fundraising**

11.1 *Fundraising Update*

Karen Wilson spoke to this item. Karen advised that an update on the majority of items had been discussed throughout the meeting and went on to give an update on the Space to Grow project. Karen advised that this had done extremely well and was almost complete with the garden in full use. Karen advised that Fundraising continue to support community fundraising with a total of £167,300 donations being received, £78,496 of which was stewarded by Fundraising. Work also continues supporting Friends of the BGH to source suitable projects. Karen also highlighted the Borders Change Foundation Charity Dinner which was held on the 6th September 2019 where over £25k had been raised in support of Sim-Baby. The partnership with Cash for Kids is also ongoing which provides toys for various departments across the organisation.

The Board of Trustees noted the update.

11.2 *Reorganisation of the Restricted Funds - Update*

Karen Wilson spoke to this item which provided Trustees with an update on the scoping exercise for a reorganisation of the restricted funds to maximise the benefit from similar purpose funds across the portfolio. Karen advised that she had spoken with colleagues in other Boards who have undertaken this exercise on the back of OSCR requirements and stage 1, to fully understand what is classed as a restricted fund, was now complete. Stage 2 would identify funds with a potential need for change. Karen stressed that when completing the recommendations at stage 3 it would be crucial to have discussions with fund managers. A report with recommendations would be presented at the January meeting.

The Board of Trustees noted the work undertaken to date.

12. **Celebrating Excellence Staff Awards 2019 - Feedback**

Karen Wilson provided an update on the event which had been held on Saturday, 21st September 2019. It was noted that external support from NSS had been used to help organise and run the event on the night. A full report would be provided at the January meeting. Malcolm Dickson noted his congratulations to all involved and enquired if there was a final cost. Karen advised that this was still being finalised and would be included in the formal feedback report.

The Board of Trustees noted the feedback.

13. **Any Other Business**

13.1 *Automated Medicine Cabinets – Interim Update*

Alison Wilson spoke to this item which was an interim update on the automated medicine cabinets which had been purchased with endowment funding. Alison highlighted that this was a good news story as it had been highly successful with benefits, such as time being saved for both nursing and pharmacy staff, fewer drug/admin errors and a reduction in spend on stock medicines. Alison noted that there were still plenty of ways to expand the use of these cabinets, such as for dressings,

fluids and continence products. Alison advised that the licence has now been purchased so it would only be the purchase of the cabinets that is required. Nicky Berry confirmed that she had asked nurses for feedback and this had been extremely positive.

The Board of Trustees noted the update.

13.2 *Review of Governance*

Susan Swan tabled in confidence a draft document outlining the recommendations of the NHS Endowment Funds Governance Review Working Group. Susan explained that these would likely go forward to the Review Group for approval and appeared to meet the criteria following previous discussions by Trustees. It was noted that this will be a transitioning arrangement and will involve a change in legislation and governance. Karen Wilson also provided feedback from the Scottish Endowment Network meeting she had attended which had covered the funding of non core items and stressed the need to document any decisions linked to these. Ralph Roberts stated that he had serious concerns around this and going forward this would still not resolve any core / non core dilemmas. Fiona Sandford stressed the need for a designated separate charity to provide independence. It was agreed that any comments be submitted to Susan, copying in Trustees, as a matter of urgency.

The Board of Trustees noted the recommendations and agreed to forward any comments to Susan Swan.

13.3 *Use of Endowment Funds*

Karen Hamilton referred to the criteria and proforma previously used for applying for endowment funding as she felt there was a requirement to be more proactive and encourage spend of these funds whilst keeping in mind funds for projects where final amounts are not yet known. Susan Swan questioned if departments would be able to commit resource to this due to the focus currently being on financial turnaround. Carol Gillie reminded that there were capacity issues within Finance and across the organisation. Nicky Berry stated that there was a need to ensure a safe quality service and felt that staff would appreciate any encouragement in regard to spending endowment funds as this would give motivation. Carol strongly recommended that there is no link made to financial turnaround and the spend of endowment funds. Tris Taylor recalled a conversation about setting a direction for the Board of Trustees to receive applications for endowment funding bids. Carol confirmed that this was correct, however it had been fed in through the Board that Finance did not have the resource to input into this due to capacity issues at the current time. Tris suggested bringing in a resource to undertake this role. Karen Wilson advised that Fundraising are keen to see if they can support any new projects as they do not always require input from Finance. It was noted that Karen was due to have a series of meetings with the PMO leads to understand their work as well as explaining about the role of the charity and endowments. Feedback is also being sought from the service to try to understand where there they are coming across barriers to try and resolve these. Karen W was keen to invest some resource into this and planned to incorporate within the next Fundraising Plan to gauge if there was an appetite for this. Karen added that Finance would support providing a governance oversight. Stephen Mather noted caution around any conflicts of interest and stressed that it was not for Trustees to make any suggestions on spend, they were here to review and recommend any proposals put forward. Fiona Sandford agreed that it was not for Trustees to make suggestions but for the people on the front line to do this. Ralph Roberts highlighted the importance of having clarity around restricted funds and a clear plan on spending commitments and

levels for the next meeting. Ralph agreed fundholders should be encouraged to spend endowment funds but this needed to be underpinned by having a clear process in place.

The Board of Trustees agreed that Karen Wilson would scope out what support could be provided to the Endowment Advisory Group to encourage spend from Endowment Funds.

13.3 Delegated Approval

Susan Swan reminded Trustees that delegated approval had previously been given to the Chief Executive and Director of Finance for spend and advised that earlier that day they had approved a permanent 1 WTE Band 7 post within the Margaret Kerr Unit. It was noted that the costs were based on a period of 3 years as this would enable the Board's redeployment policy to be followed should the funding no longer be available for this post from the Palliative Endowment Fund. Fiona Sandford enquired if a full economic costing had been undertaken. Susan confirmed that only salary costs had been taken into account. Fiona felt that a full economic costing should be undertaken to ensure no detriment to NHS Borders. Susan agreed to bring a paper back to Trustees with proposals for full costs to be charged for projects to give assurance that there is no financial detriment to the Board.

The Board of Trustees noted the approval a 1 WTE Band 7 for a period of 3 years to work within the Margaret Kerr Unit.

14. **Date and Time of Next Meeting**

Monday, 20th January 2020 @ 2 p.m., Board Room, Newstead.

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10.10.19