

Minutes of a Meeting of **Borders NHS Board Endowment Fund Board of Trustees** held on Monday, 20<sup>th</sup> January 2020 @ 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  
Mr J McLaren, Employee Director (Arrived at 3.10 p.m.)  
Mr R Roberts, Chief Executive  
Mrs F Sandford, Non Executive Director  
Mr T Taylor, Non Executive Director (Left at 4.10 p.m.)  
Mrs A Wilson, Non Executive Director

**In Attendance:** Mrs B Everitt, PA to Director of Finance (Minutes)  
Miss H Fairburn, Head of Capital (Item 9.1)  
Mr G Reid, Investment Advisor  
Mrs S Swan, Deputy Director of Finance (Arrived at 2.55 p.m.)  
Mrs K Wilson, Fundraising Manager

1. **Introduction, Apologies and Welcome**

Karen Hamilton welcomed those present to the meeting. Apologies had been received from Dr C Sharp, Medical Director, Cllr D Parker, Non Executive Director and Mrs J Smyth, Director of Strategic Change & Performance.

2. **Declaration of Interests**

The following declarations of interests were noted:

Alison Wilson for the electronic drug cabinets application for funding

Tim Patterson for the Borderline application for funding

Nicky Berry for the Advanced Nurse Practitioners application for funding

3. **Minutes of Previous Meeting – 25<sup>th</sup> September 2019**

**The minutes were approved as an accurate record.**

4. **Matters Arising**

*Action Tracker*

In regard to the second item on the action tracker about sensitivity testing as part of the Investment Policy review, it was agreed that the deadline for this would be the next meeting in May.

**The action tracker was noted.**

*Proposals for Full Costs to be Charged to Projects*

Carol Gillie spoke to this item. Carol advised that Trustees were being asked to consider that funding applications submitted should now include details of the full cost of project delivery which would take into account support given in kind by NHS Borders' employees. Carol highlighted that contact had been made with other Boards across Scotland to determine whether or not they included these costs. From the mixed responses received it was clear that there is no consistent approach across Scotland and there is no guidance for standard practice in this area.

It was noted that the recommendation was to proceed with the first option detailed, namely the apportionment of full costs of project delivery to the Endowment Funds. Fiona Sandford stressed the importance of doing this when NHS Borders is currently so stretched for resources and the need to properly cost any application once it has been determined as core or non core business. Stephen Mather felt that this was a good example which clearly illustrated the problem around the conflict of interests as Trustees. Karen Wilson reminded Trustees on the importance of getting best value for money so if projects are not properly costed they can often end up costing more, therefore if by doing this means that a project can get off the ground quicker it should be viewed as a good thing. Malcolm Dickson felt that it was an ethical duty to pay full costs. Alison Wilson referred to the changing facility as this was a good example which would not have had to be debated so many times at various meetings if full costs had been supplied in the beginning. Ralph Roberts accepted that there is a conflict of interest issue but until further guidance is issued there is no option other than continue as we have been doing. Ralph reminded that it was not an issue for the Board of Trustees but for NHS Borders Board to determine if they agree with the full costs that are put forward as part of a project. Following discussion it was agreed that any costings put forward in future applications must include full costs of project delivery.

**The Endowment Fund Board of Trustees agreed that any costings put forward in future applications must include full costs of project delivery.**

## 5. Funds Management

### 5.1 *Investment Advisor Report*

Graham Reid spoke to this item and was pleased to report the portfolio had risen by 3.72% since the last quarterly report on a total return basis. Graham highlighted that over the past year the portfolio had increased by 14.97% against a benchmark of 15.50%. It was also noted that over the previous three year period it had risen by 22.17% which was above the adopted benchmark. Graham referred to the selective representative Stock Market Indices detailed within the bullet point summary page as he still believed there was value in holding equity investments going forward. Malcolm Dickson referred to the portfolio performance analysis detailed on page 7 of the valuation report and in particular the level recorded for property. Graham explained that in terms of a medium risk portfolio the level set aside strategically would be 4.5% of assets so this was slightly ahead of this at 5.4%. It was noted that these were largely commercial property funds and historically had performed satisfactorily.

**The Board of Trustees noted the report and update.**

### 5.2 *Review of Investment Portfolio Benchmark*

Carol Gillie spoke to this item. Carol advised that the portfolio is performing well and recommended continuing with the combined benchmarking approach using the primary benchmark of the Investec bespoke Strategic Asset Allocation (SAA), inflation data and ARC benchmarks.

**The Board of Trustees noted the review of the Investment Portfolio benchmark had taken place.**

**The Board of Trustees approved the recommendation to continue to report the Investment Portfolio performance on a combined benchmarking approach using the primary benchmark of the Investec bespoke Strategic Asset Allocation (SAA), inflation data and ARC benchmarks.**

- 5.3 *Review of Investment Portfolio – Financial Services Authority Questionnaire*  
 Carol Gillie spoke to this item which had previously been circulated electronically and on the recommendation of the Chair it had been brought to today’s meeting for discussion prior to submission. Stephen Mather referred to section D on page 5 (Overall Attitude to Risk) as he felt only one box could be ticked. It was agreed that the lower figure of £300,000 would be appropriate. Malcolm Dickson felt that again only one box could be ticked within this section which continued on page 6 and suggested that this should be “possible losses are acceptable for long term investment growth”. This was agreed. Malcolm also referred to section C (Capacity for Loss) and the bottom question regarding the Charity’s intention to withdraw large amounts of money from the portfolio as he felt that only the “within 3 years” box should be ticked with an explanatory note about working on longer term projects. This was agreed. Susan Swan to make the necessary amendments and submit the questionnaire.

**The Board of Trustees discussed and agreed the responses for inclusion in the FSA questionnaire.**

## 6. Financial Report

- 6.1 *Primary Statements and Fund Balances*  
 Susan Swan spoke to this item which provided the financial report on Endowment Funds for the period to 30<sup>th</sup> November 2019 and detailed the level of income and expenditure for this period. Susan highlighted the recharge for the Fundraising function as per previous approval from Trustees and to the increase in funds held as “Restricted Designated Funds” which related to the approval given to recurrently fund the Palliative Care Improvement Facilitator post and the 3 year underwrite of funding held.

**The Board of Trustees noted the finance report to 30<sup>th</sup> November 2019.**

- 6.2 *Register of Legacies and Donations*  
 The Board of Trustees noted the donations over £5,000 and all legacies received for the period to 30<sup>th</sup> November 2019.

**The Board of Trustees noted the report.**

## 7. Governance Framework

- 7.1 *Draft Endowment Fund Board of Trustees Work Plan 2020/21*  
 Susan Swan spoke to this item which provided Trustees with the annual schedule of what would be intended to come forward during 2020/21. Susan referred to the informal session on governance which took place on the 9<sup>th</sup> January 2020 where a number of comments had been received and would be built into the reports and sent round virtually for approval. Susan confirmed that all amendments would be detailed. Susan advised that the most important change that would be made would be in regard to grant funding. Susan explained that as part of the current governance, and as detailed within the Annual Accounts, it was not possible to give a grant to an external organisation. It had been agreed at the informal session that this would not be stated this year allowing a bid for a grant to be considered either on a block basis or a contractual arrangement. Malcolm Dickson suggested adding review of risk appetite under the Risk Strategy section. Karen Wilson also highlighted that within the Endowment Advisory Group support proposals paper later on the agenda that the aim

was to hold four meetings per year so the workplan would need to be adjusted to reflect this. These were agreed and the workplan would be amended.

**The Board of Trustees discussed and approved the Work Plan for 2020/21.**

8. **Risk Strategy**

8.1 *Review of Risk Management Policy*

Susan Swan spoke to this item which had been included, along with the Risk Register, as part of the informal session on governance on the 9<sup>th</sup> January 2020. Susan confirmed that the policy had been updated to reflect the discussion, namely the risk appetite of the fund was medium and very high and high risks would not be tolerated and would be reported to Trustees when they arise. Susan then took Trustees over the amendments made to the Risk Register following discussion at the informal session. Tris Taylor asked if there was a risk by not spending funds and whether this should be included on the register. Susan advised that measures are being put in place, which are clearly documented, to actively encourage spending funds. Karen Wilson assured that work is ongoing to encourage more regular spending. Susan agreed to look at adding this to the Risk Register and would send virtually around Trustees to ensure they were comfortable with the wording.

**The Board of Trustees noted the review of the governance documents on the 9<sup>th</sup> January 2020 and that updated documents, tracking the proposed changes, would be circulated to Trustees for virtual agreement.**

**The Board of Trustees noted the updated Risk Register.**

**The Board of Trustees approved the Risk Management Policy and the Risk Register with the proviso that the additional risk discussed is added to the register.**

8.2 *Risk Register Update*

This item was covered under item 8.1.

9. **Capital Spend**

9.1 *Capital Projects Update*

Hannah Fairburn spoke to this item which provided an update on progress of the capital planning projects which have either Endowment or Charitable Fund implications. Hannah went on to highlight the key points from each of the projects. It was noted that work on the Macmillan Cancer Centre extension project had taken longer than hoped, however this was a robust valuable piece of work with external input providing scrutiny. Work on the detail and costings would be taking place and this would come back to Trustees in due course for approval. It was noted that there is not a Capital Planning Manager assigned to this project at the moment but it was hoped to be able to allocate a resource in due course. Ralph Roberts enquired about timescales in regard to any discussions with the public. Hannah advised that there are a number of options being looked at which will require input from the service prior to any discussions with Comms and Fundraising. Carol asked if a follow up report to be circulated virtually before the end of March would be helpful. It was agreed that this would be. Tim Patterson referred to the issues around project management and felt if project support was required for this then funding should be made available. It was noted that they were currently going through the process for recruiting. Hannah advised that for the changing facility project they now have the location and preferred option. In regard to the Mammography project it was noted that final design plans would be agreed with the

service over the next two months, however the cost of this project may have increased as the initial estimate did not take into account the additional professional fees required. It was noted that there was also a risk with the project management resource for this project.

**The Board of Trustees noted the update.**

10. **Endowment Advisory Group**

10.1 *Minutes of Meeting: 20<sup>th</sup> December 2019 (Draft)*

John McLaren spoke to this item and advised that the draft minutes would be approved at the next meeting of the Endowment Advisory Group.

**The Board of Trustees noted the draft minutes of the Endowment Advisory Group.**

10.2 *Endowment Fund Funding Applications – Recommendations from Endowment Advisory Group*

Karen Hamilton asked those involved with applications for funding to refrain from making any comments during discussion of their item.

John McLaren took Trustees through each of the applications reviewed by the Endowment Advisory Group:

*Work & Wellbeing Advisor*

Further information required before an informed recommendation could be made. Not supported at this time.

*Borderline*

Due to a change in the charity's governance since the Endowment Advisory Group meeting on the 20<sup>th</sup> December 2019, it was agreed that John McLaren ask the applicant if they wished to resubmit their application. If they did and due to the tight timescales involved, the Endowment Advisory Group would be asked to review this virtually and make a recommendation to the Board of Trustees.

*Space to Grow*

Recommendation to approve the funding application for the final phase of this project.

*Advanced Nurse Practitioners*

Recommendation to approve the funding application for three Advanced Nurse Practitioner roles over a three year period. Conditions included the commitment to use existing staff, include a bonding agreement, engage with the Health & Social Care Partnership and provide an annual update to Trustees.

Stephen Mather enquired why this was not classed as core business. John advised that this was due to the training and development opportunities for staff so was consistent with previous decisions made. Stephen noted his discomfort in approving this application as he felt it could be deemed as core business. Tris Taylor referred to the proposal as he also could not see how this was deemed as additionality and felt exposed to challenge if the application was approved, particularly as the staff outlays in year 3 believed to be core outweighed years 1 and 2 with training costs. Ralph Roberts stated that as long as Trustees were willing to defend decisions made, as it was all about

making a judgement. Ralph referred to the application form, and in particular reference to testing new models, as he felt that this was an additionality. Fiona Sandford highlighted that if this was not funded then that would stop the development opportunity hence making it an additionality to core business. Alison Wilson echoed the comments made by Fiona. Tim Patterson advised that he had reviewed the Charter and there was nothing in it which would exclude this approval.

Trustees went on to vote with an outcome of 8 to 2 being recorded in favour of approving the recommendation made by the Endowment Advisory Group.

#### *MKU Hub*

Further information required before an informed recommendation could be made. Not supported at this time.

#### *Electronic Drug Cabinets*

Recommendation to approve the funding application to support year 1 only to implement further electronic drug cabinets, noting that Ward 9 and MKU would use their own funds to purchase these.

#### *Green Impact Project*

Recommendation to approve the funding application to move towards a more sustainable way of working. Suggested that any government initiatives and confirmed costs also be included.

#### *Dementia Plates*

Fundraising had advised funding may be available for this from alternative sources, however should this be unsuccessful it was recommended that an underwrite be approved.

**The Board of Trustees noted the decisions of the Endowment Advisory Group. The Board of Trustees approved the applications for funding as per the recommendations made by the Endowment Advisory Group.**

#### 10.3 *Endowment Advisory Group Support Proposal*

Karen Wilson spoke to this item on the support Fundraising could provide to the Endowment Advisory Group within the current staff complement. Karen explained that it was proposed to hold a meeting prior to each Endowment Fund Board of Trustees meeting and the intention would be to try and support people in making applications and ensure that they draw out any additionality. John McLaren added that by holding meetings regularly throughout the year will allow people to have time to plan and complete more robust applications. Stephen Mather questioned if there was a need for more resources to encourage people to apply for funding and complete good quality applications and this if this was the case then he would support an application for endowment funding to enable this role. Karen anticipated that the paper which would be presented in September would include a request for additional resource. Tim Patterson also noted his support for additional resource to promote this and get things moving at a faster pace. John supported the comments made by Stephen and Tim to put in place a resource to support staff to make good quality applications.

**The Board of Trustees noted the level of support the Fundraising Team plan to provide to Trustees in the servicing of the Endowment Advisory Group.**

## 11. **Fundraising**

### 11.1 *Fundraising Update*

Karen Wilson spoke to this item which provided a progress report on the Fundraising Team's workplan. Karen highlighted that the majority of items had been covered throughout the agenda and went over those not covered. It was noted that Fundraising had supported community fundraisers where two substantial donations had been received, one of which would be used towards the purchase of SIM baby. Karen advised that a donation process review had been undertaken with new receipt books now being in operation and this new process will be embedded across the organisation to minimise weaknesses out the system as well as maximise individual donations. Karen referred to the Mammography development where she had received concerns from Walk the Walk charity on the delay to this project. Karen reminded that this was largely in part due to the delay in getting confirmation from them on the grant, however there was now some momentum with this project.

**The Board of Trustees noted the update report.**

### 11.2 *Reorganisation of the Restricted Funds - Update*

Karen Wilson spoke to this item which was a further update to the paper presented at the last meeting. It was noted that this is progressing well, however further discussion will be required with some fund managers to determine the preferred structure of the funds after restrictions have been lifted following applications to OSCR to do this. Karen highlighted that there was potential to cut the number of funds in half which would make a significant difference in administering these for Finance and Fundraising. Malcolm Dickson felt that this was a very worthwhile exercise and noted his thanks for this. Malcolm enquired if there would be any impact on donations already made to funds that will be amalgamated. Karen advised it was still the intention to honour the purpose of any donations already received, it would be key to advise people who are donating going forward. Tris Taylor enquired if there was any crossover with NHS Borders' requirements. Karen was not aware of any. Susan Swan added that we would be bound to the charity's legislation which is in compliance with OSCR.

**The Board of Trustees noted the update report.**

### 11.3 *Fundraising Plan 2020/21*

Karen Wilson spoke to this item. Karen referred to objective 3, namely to conduct an exercise to scope out the potential benefits to developing a broader charity support infrastructure. Karen referred to the Endowment Advisory Group support proposal on the agenda earlier which was proposed within the existing staff compliment, however due to other opportunities for support structures to be put in place so the charity operates more efficiently, it was proposed a more comprehensive review exercise be undertaken with the findings being presented at the Board of Trustees meeting in September. Karen advised that objective 4 would see the new donation process embedded by June 2020 with a review undertaken at the financial year end. Objective 5 detailed continuation of support being provided to the Macmillan Centre extension project and the Mammography redevelopment project as required and objective 6 noted the operation of the day to day running of the Fundraising office. Malcolm Dickson noted his full support in regard to objective 3.

**The Board of Trustees approved the Fundraising Plan for 2020/21.**

12. **Celebrating Excellence Staff Awards – 2019 Feedback Report**

Karen Wilson spoke to this item which provided feedback on the awards ceremony held on the 21<sup>st</sup> September 2019. It was noted that an external body had been used to support this event. Karen highlighted that the report summarised the event and asked Trustees if there was still an appetite for this. John McLaren felt that it was essential to keep the awards going as it greatly boosted staff morale, however he would be extremely concerned if the same external body was used in future as he felt this would be a reputational risk. Trustees agreed to hold an event this year. Carol Gillie was supportive but highlighted costs have increased year on year so would encourage that this be looked at with a view to reducing these. Karen reminded of the earlier decision to include full project costs which would see an increase in the cost of the event. John felt that it would have been helpful to have seen the statistics recorded for each year as a comparison. It was noted that a planning meeting would now take place to discuss this year's event which would include a proposed date.

**The Board of Trustees supported the report and the learnings from the 2019 event. The Board of Trustees noted their support to an event in 2020 with costs being kept to a minimum.**

13. **Update on Retirement Event – 20<sup>th</sup> September 2019**

Carol Gillie spoke to this item which provided an update on the retirement event held on 20<sup>th</sup> September 2019 in the Lecture Theatre, Education Centre, BGH. It was noted that a total of 29 out of the 94 invited had attended the event. Carol asked Trustees if they were content for this event to continue in future. Trustees agreed that it should continue for the time being. Ralph Roberts felt it would be helpful to understand why people decline the invite to ascertain if any action could be taken to encourage attendance at future events. Carol agreed to feed this back to Human Resources.

**The Board of Trustees noted the update and agreed that this should continue for the time being.**

14. **Any Other Business**

None.

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

Thursday, 14<sup>th</sup> May 2020 @ 2 p.m., Board Room, Newstead.

BE  
27.01.20