

## Borders NHS Board



Meeting Date: 24 June 2021

<b>Approved by:</b>	Iris Bishop, Board Secretary
<b>Author:</b>	Iris Bishop, Board Secretary
<b>ENDOWMENT FUND BOARD OF TRUSTEES MINUTES 28.09.20, 31.03.21, 17.05.21</b>	
<b>Purpose of Report:</b>	
The purpose of this report is to share the approved minutes of the Endowment Fund Board of Trustees with the Board.	
<b>Recommendations:</b>	
The Board is asked to <b>note</b> the minutes.	
<b>Approval Pathways:</b>	
This report has been prepared specifically for the Board.	
<b>Executive Summary:</b>	
The minutes are presented to the Board for mutual awareness.	
<b>Impact of item/issues on:</b>	
<b>Strategic Context</b>	As per the Endowment Fund Board of Trustees Terms of Reference, the Board of Trustees report to OSCR and ensure that there is mutual awareness with Borders NHS Board.
<b>Patient Safety/Clinical Impact</b>	As may be identified within the minutes.
<b>Staffing/Workforce</b>	As may be identified within the minutes.
<b>Finance/Resources</b>	As may be identified within the minutes.
<b>Risk Implications</b>	As may be identified within the minutes.
<b>Equality and Diversity</b>	Not Applicable.
<b>Consultation</b>	Not Applicable.
<b>Glossary</b>	-

Minutes of a Meeting of **Borders NHS Board Endowment Fund Board of Trustees** held on Monday, 28<sup>th</sup> September 2020 @ 2 p.m. via Microsoft Teams.

**Present:** Mr A Bone, Trustee  
Mr B Brackenridge, Trustee  
Mr M Dickson, Trustee  
Mrs K Hamilton, Trustee (Chair)  
Dr L McCallum, Trustee (Left at 4 p.m.)  
Mr J McLaren, Trustee  
Mrs F Sandford, Trustee  
Mrs A Wilson, Trustee

**In Attendance:** Mrs B Everitt, PA to Director of Finance (Minutes)  
Miss H Fairburn, Head of Capital Planning (Item 9.1)  
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 Ms S Lam, Trustee, Mrs J Smyth, Director of Strategic Change & Performance, Mr R Roberts, Trustee and Mr T Taylor, Trustee.

2. **Declaration of Interests**

Alison Wilson declared an interest in the automated drug cabinets and pharmacy robotics applications for funding.

3. **Minutes of Previous Meeting – 10<sup>th</sup> September 2020**

Bill Brackenridge advised that he should be listed within the present list as a Trustee rather than in attendance. Karen Wilson highlighted page 3, second paragraph, where it stated she had referred to the staff recharges. Karen advised that it was Karen Hamilton who had referenced this and not herself.

**The minutes were approved as an accurate record with the proviso that the two amendments discussed are made.**

4. **Matters Arising**

*Action Tracker*

In regard to the first item on the tracker about reviewing the appropriateness of the risk level of the portfolio, Andrew Bone advised that this would be incorporated within the Endowment Strategy which would be an item on the agenda at the January meeting.

Karen Hamilton referred to the last action on page one of the tracker and advised that she had received a response from June Smyth providing an update on the Children's Centre. This would be discussed further at the January meeting.

**The action tracker was noted.**

*Vice Chair of Endowment Fund Board of Trustees*

Karen Hamilton advised that Malcolm Dickson had volunteered to be the Vice Chair of the Endowment Fund Board of Trustees. This was agreed.

**The Board of Trustees noted that the Vice Chair of the Endowment Fund Board of Trustees would be Malcolm Dickson.**

5. **Funds Management**

5.1 *Investment Advisor Report*

Graham Reid spoke to this item. Graham reported that the portfolio valuation as at 17<sup>th</sup> September was £5,070,910. It was noted that the value of the portfolio at the beginning of 2020 was £5.2m. Graham explained that at the lowest point on the 18<sup>th</sup> March 2020 this had reduced to £3.8m so the portfolio had witnessed a significant recovery. Graham advised that he had received £196k in June and a further £110k in September for investment and these were included in today's valuation.

Graham reported that the portfolio had performed relatively well over the past year and had fallen by -2.31% against the benchmark of -2.61%. Graham highlighted that the portfolio includes direct equity investment in some companies as well as collective and unit trusts. Graham advised that he expected to see a recovery in income as we go into 2021. It was noted that the portfolio had produced an annual income of £158,617 (3.13% yield) which compared with £170,634 in September 2019. Graham referred to the bullet point summary which included information from the Asset Risk Consultants (ARC) over a five year period which showed that the portfolio had performed well against these figures.

Graham went onto to provide an update on the global situation which included the situation in China, Brexit, the US presidential election and the availability of a vaccine for Covid19 which will all have an impact on the economy. Bill Brackenridge commented that in times of uncertainty it is wise to avoid trackers. Graham agreed that tracking is very costly and was not appropriate for this type of portfolio. Graham believed in a discretionary investment process, particularly in the medium to longer term. Fiona Sandford agreed with Bill's comment and felt that the portfolio was well diversified and thoughtfully managed. Given the enormous uncertainty at the present time Fiona was keen to continue as we have been doing. Karen Hamilton agreed with these comments and that we should continue on the same basis.

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

5.2 *Review of Investment Portfolio Benchmark*

Susan Swan spoke to this item. Susan 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. Susan referred to the Endowment Strategy which was due to come to the January meeting and highlighted that there may be a requirement to have a further discussion on this at that point in time. Graham Reid added that the benchmark still remains appropriate and felt there was no requirement at this stage for any significant change.

**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.**

6. **Endowment Fund Annual Accounts 2019/20**

6.1 *Final 2019/20 Report from Trustees and Annual Accounts*

Susan Swan spoke to this item. Susan reminded that the 2019/20 Report from Trustees and Annual Accounts had been reviewed in draft at the meeting on 10<sup>th</sup> September and was being presented today for formal approval. Susan highlighted the accompanying document which detailed all amendments that had been made since the previous version seen. Susan was pleased to report that Geoghegans, the External Auditor, had issued an unqualified opinion.

Karen Hamilton referred to the list of amendments and the one regarding the Reserves Policy and asked if the additional clarification requested around Trustees agreeing to the sum of £500,000 being held as a designated fund to contribute to the overall costs of the Children's Centre project had been included within the report. Susan confirmed that it had been. Karen also referred to the membership listed on page 15 and asked if, for completeness, it should be noted that Carol Gillie was Interim Chief Executive for a two week period between Jane Davidson retiring and Ralph Roberts taking up post. Susan advised that this was not a significant point for noting in these accounts as no meeting had taken place during the period in question.

**The Board of Trustees approved the 2019/20 Trustees' Report and Annual Accounts.**

6.2 *External Audit Memorandum*

Susan Swan spoke to this item and explained that this was a routine report as part of the audit. It was noted that the memorandum contained recommendations and a report would be brought back to the January meeting providing an update on each of these.

Malcolm Dickson noted that the auditors made a point about the need to progress with the reorganisation exercise of the restricted funds. Susan explained that this had been put on hold due to resources being diverted elsewhere during the Covid19 pandemic. Susan highlighted that within the Fundraising update report the revised timescale for this exercise was noted as March 2021. Susan added that the auditors are aware of the shift in resource and are sympathetic to this.

Susan advised that the letter of representation had been sent to Karen Hamilton for signing on behalf of Trustees.

**The Board of Trustees noted the External Audit memorandum.**

## 7. **Endowment Advisory Group**

### 7.1 *Minutes of Meeting: 29<sup>th</sup> May 2020*

**The Board of Trustees noted the Endowment Advisory Group minutes from the meeting held on 29<sup>th</sup> May 2020.**

### 7.2 *Endowment Fund Funding Applications – Recommendations from Endowment Advisory Group*

Andrew Bone informed Trustees that an Endowment Strategy would be developed for discussion at the meeting in January. Andrew highlighted that some of the bids coming forward today would mean making large investment decisions and recommended that the Endowment Strategy is approved beforehand. With this in mind Andrew proposed that the Pharmacy Robots bid be deferred until the January 2021 meeting. In relation to the Ophthalmology equipment upgrades Andrew advised that having spoken with colleagues in Acute, there were a number of issues in relation to the proposal which required further clarification. It was noted that the Acute Quadrumvirate were discussing this at their meeting today as they had not had sight of it prior to it coming to the Board of Trustees. There were also some elements around procurement which required clarity.

Andrew noted his concern in regard to making decisions on bids for funding against the unrestricted funds as this would substantially consume the resource in totality and reminded that decision on the Children's Centre may change this position. Andrew felt that it would be helpful to develop a clear process for prioritisation of the unrestricted funds as these are primarily what bids are made against. Bill Brackenridge reminded of what has happened within other Boards and the need to proceed with caution and therefore felt some delay would be totally acceptable. Fiona Sandford agreed with this comment, however had discomfort around the amount of funds available which does not get spent but was pleased to hear that this should be progressed with the creation of an Endowment Strategy. Malcolm Dickson referred to the Ophthalmology bid for funding which had evidently not gone through the correct decision making process and again expressed concern around the lack of any medical representation on the Endowment Advisory Group. Malcolm noted that some applications appear to have more benefit to the organisation rather than to patients and staff. Malcolm appreciated that Trustees had previously expressed some concern that funds were not being spent, however if there was a slight pause whilst the Endowment Strategy was developed then he felt that this was acceptable. Karen Hamilton encouraged Trustees to contact Andrew Bone with any thoughts on what might be included in the draft Endowment Strategy.

#### *Automated Drug Cabinets*

Alison Wilson advised Trustees that a further reduction had been received from Omnicell, reducing this to £367,795.00 with the proviso that a purchase order is raised before the 30<sup>th</sup> September 2020.

John McLaren confirmed that the Endowment Advisory Group recommended approval of this bid for the additional phase of the Automated Medicines Cabinets Project. Andrew Bone welcomed this discount and was supportive of the bid as it was a further phase to a project which had commenced over 12 months ago.

**The Board of Trustees approved this bid for funding.**

*District Nursing Training*

John McLaren advised that it had been requested that a Funding Training Policy be developed and that this application be resubmitted in line with this, therefore the Endowment Advisory Group did not support the bid at this time. Andrew Bone highlighted that there was a question around whether it was the responsibility of the IJB or the Board of Trustees to fund this and stressed the need to ensure that no-one has been refused training inappropriately, regardless of who funded it. Andrew indicated that he was under the impression that this specific request had been supported by the H&SC partnership and would check if this was correct. If not the case, he proposed that he and the Chief Executive, having authority under delegated limits, review this and approve if it fitted the criteria. This was agreed. Karen Wilson enquired how the further funding applications which she currently had on hold would be treated. It was agreed that these should also be reviewed by the Chief Executive and Director of Finance. Bill Brackenridge asked that a report be brought back to the next meeting on any items which are delegated to the Chief Executive and Director of Finance for approval.

**The Board of Trustees did not approve this bid for funding. The Chief Executive and Director of Finance would review the funding requests for training and approve if they fitted the criteria.**

*Ophthalmology Equipment Upgrades*

Taking into account the comments from Andrew Bone around this not being taken through the correct process within the Acute service, Karen Hamilton proposed that a decision be deferred until there is a better understanding of the outstanding issues.

Andrew Bone also highlighted the service contract costs as he did not feel that these should be paid from Endowment Funds. Andrew agreed to raise this with the Executive Sponsor and get clarification on the procurement issues. He also agreed to check this was affordable against the value of unrestricted funds. Karen Hamilton stressed that any funding decisions made at today's meeting are within an overarching caveat that there are sufficient funds available.

Trustees were content to approve this bid if feedback from the Acute Quadrumvirate meeting and the procurement issues was acceptable. Andrew agreed to action as necessary on the back of the feedback received.

**The Board of Trustees were content to approve this bid for funding providing feedback on the various issues was acceptable.**

*Equipment for Community District Nursing Teams*

John McLaren advised that three applications had been seen individually for a variety of equipment for community nursing teams. The Endowment Advisory Group recommended approval of these and had suggested that a high level audit of

equipment be undertaken across the community teams to ensure equity. John highlighted that further applications for funding may be received following the audit.

**The Board of Trustees approved the bids for funding.**

*Medical Equipment for Wards 17, 4 and 14*

John McLaren advised that the Endowment Advisory Group recommended approval of the bid to purchase bladder scanners and ECG machines.

**The Board of Trustees approved the bid for funding.**

*Ward 14 - TVs*

John McLaren explained that Ward 14 did not have a restricted fund so had put forward a bid for funding to purchase TVs, bedside audio and radio/CD players from the unrestricted fund. This bid had been supported by the Endowment Advisory Group.

**The Board of Trustees approved this bid for funding.**

*Pharmacy Robotics*

John McLaren felt that as a Trustee this was a challenging application. John advised that there is currently engagement with the Trade Unions as this moves forward due to bringing automation into the organisation. John advised that the Endowment Advisory Group could only see a small benefit to patients and therefore were reluctant to recommend at this time.

Malcolm Dickson noted that Pharmacy had already secured a substantial amount of Endowment funding, however appreciated from the application that this would allow more time to be spent with patients as well as being an improvement from a health and safety perspective. Karen Hamilton felt that there was a lack of knowledge/expertise in other parts of the organisation so they are not as active in making applications. Karen also referred to the Pharmacy Controls audit being undertaken by Internal Audit and queried whether the outcome of this may also have an impact on this bid. Karen noted that the margin of safety is minute as this is generally a very safe service. Bill Brackenridge noted his concern as he had seen this in operation in other Boards and asked if it should be for the Board to fund this rather than Endowments as the Board will receive significant benefits. Fiona Sandford, who had been inclined to support, felt that the full Endowment Strategy should be formulated prior to any decision being made.

Andrew supported deferring this bid until January when the strategy would be available. Karen Hamilton was content to support this being deferred. Karen asked for assurance that the Endowment Strategy would be available for the January meeting. Andrew confirmed that it would be and suggested a development session be arranged in December to discuss the draft Endowment Strategy. This was agreed. Lynne McCallum felt that some areas across the organisation do not have the knowledge on how to access funds and although she supported the concept of an Endowment Strategy, she also felt that a simple guide outlining how to access funds would be extremely helpful in addition.

**The Board of Trustees agreed to defer this bid for funding until after the Endowment Strategy is developed.**

## 8. **Fundraising**

### 8.1 *Fundraising Plan 2020/21 - Update*

Karen Wilson spoke to this item and provided the following update on the objectives within the 2020/21 Fundraising Plan:

*Objective 1 (Support the Endowment Advisory Group)* - Karen confirmed that she had worked closely with applicants on the submissions received at the last meeting. Karen explained that a two stage system has been set up whereby staff can submit a funding enquiry form where an initial view will be taken to see if this is eligible and maximise the use of funds. If this is case then an application form, which had recently been revised, should be completed and submitted.

*Objective 2 (Fund re-organisation exercise)* - it was noted from previous discussion that the timescale had slipped due to the Covid19 pandemic. Karen hoped to prioritise this exercise and send completed applications to OSCR by the end of the calendar year. Once decisions are received from OSCR there will be a refresh of paperwork and signatories for the new fund structure.

*Objective 3 (Scope out potential benefits to develop a broader charity support infrastructure)* - Karen advised that she hoped to progress this in the next few weeks which would include discussions with key stakeholders.

*Objective 4 (Embed a new donation process)* - Karen advised that an IT infrastructure has been set up to facilitate the sharing of information between Fundraising, the Administration office and Finance. Karen highlighted that due to Covid19 the completion dates for the remaining actions under this objective have been revised.

*Objective 5 (Continue to support the Macmillan Centre Extension Project and Mammography Redevelopment Project)* – it was noted that there had been no further progress with the Macmillan Project, however the Fundraising Team would support this when the project resumes. For the Mammography Project, Karen advised that a virtual meeting had been held with key staff and members of Walk the Walk charity. Following review of the project which took place earlier in the year it was noted that there was a significant increase in cost which Walk the Walk have asked for assurance that the funding gap is addressed prior to the grant being awarded.

*Objective 6 (Day to day running of the Fundraising office)* – it was noted that Fundraising had stewarded 88% of donations for the first quarter of 2020/21, which included the substantial grant from NHS Charities Together. Karen advised that Fundraising had been approached by Estates in regard to works in Wards 4 and 7 around any opportunities to use charitable funding. The results of this joint working saw the enhancement of family rooms and the addition of TVs and bedside audio equipment.

Karen Hamilton referred to objective 1 which would link into the Endowment Strategy and suggested if Trustees had any ideas/concepts to pass direct to the Director of Finance for consideration.

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



## 8.2 *Covid19 Endowment Fund – Update*

Karen Wilson spoke to this item. Karen reported that NHS Borders have been very fortunate with the wealth of support from the public, both in terms of financial donations and donations in kind. A fund for financial donations, which have been received without any active fundraising, had been created. Karen highlighted the type of things this has been used for which had been split over benefit to patients, staff welfare and enabling technology. Karen advised that she would be reminding staff about this fund and asking for ideas on spending this. It was noted that the balance within the fund included the initial grant from NHS Charities Together. Applications will be submitted to draw down the next two stages of the allocated grants which have been ring fenced for NHS Borders.

Karen Hamilton, on behalf of the Trustees, thanked everyone involved within the Fundraising Team for their efforts in the co-ordination of donations. Karen W noted the invaluable input from both Stores and the Catering Department in aiding facilitation of this. Malcolm Dickson echoed the comments made by Karen. Bill Brackenridge noted that it was an impressive list of organisations who had gifted in kind and asked if they would be thanked for their donations, such as a letter from the Chair. Karen confirmed that it was the intention to do this and she would be happy to work with the Chair on this. Karen highlighted that there was a concern that not everyone had been captured in the list and planned to also use social media channels to thank everyone who had donated.

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

## 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. The following was noted:

*Macmillan Cancer Centre Extension Project* – noted that this project had been on pause since mid March as resources had been diverted due to the Covid19 response. Karen Hamilton asked, given the length of time that has passed, if the space requirements would require to be updated. Hannah felt that in light of Covid19 it would be recommended to do this at a suitable point in time.

*Changing Facility* – the location for the changing facility had been agreed at the beginning of the year, however due to Covid19 this had not progressed since March. When in a position to progress the preferred space will be cleared, a contractor will be appointed and a design agreed. Alison Wilson enquired about the preferred space for this. Hannah confirmed this was the General Services Supervisor's office on the left hand side within the front doors of the BGH.

*Mammography Unit* – noted that this had been progressed at the start of the year following the original proposal put forward a number of years ago, however had been paused due to Covid19. Hannah highlighted that the project costs have increased since the original proposal, a large proportion of this being for equipment. Other funding routes for the equipment element were

being explored and if secured the grant from Walk the Walk charity would be used for the building works. Bill Brackenridge noted that the increase in costs was way above inflation and enquired if there had been a fundamental change to the project. Hannah explained that the reason for the increase was due to some of the costs not being included in the original cost estimate for the project, with the equipment specs now being different, and more expensive, to the estimate in 2016.

Andrew Bone explained that there had been slippage on the capital programme, primarily due to Covid19 and capacity within the capital planning team resource. It was noted that there will be changes made to the capital planning process as there is a capital resource impact. Steps are also being made on developing capacity moving forward.

Karen Wilson reminded Trustees that in terms of funding there is currently in excess of £300k of funds donated by the public for the Macmillan Cancer Centre extension. Karen hoped to provide donors with an update in the coming weeks and highlighted that this could be a reputational issue for NHS Borders if not progressed. In regard to the Mammography project Karen advised that Walk the Walk charity are keen to fulfil the grant and there was a possibility of losing this if not progressed within their timescales.

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

10. **Any Other Business**

*Automated Drug Cabinet – Omnicell Discount*

Alison Wilson spoke to this item where it was noted that a further discount had been received from Omnicell which was in relation to the cabinets currently being installed.

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

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

Monday, 25<sup>th</sup> January 2021 @ 2 p.m.

BE  
09.10.20

Minutes of a Meeting of **Borders NHS Board Endowment Fund Board of Trustees** held on Wednesday, 31<sup>st</sup> March 2021 @ 10 a.m. via Microsoft Teams.

**Present:** Mrs N Berry, Trustee (Left at 11 a.m.)  
Mr A Bone, Trustee  
Mr B Brackenridge, Trustee  
Mr M Dickson, Trustee  
Mrs K Hamilton, Trustee (Chair)  
Ms S Lam, Trustee  
Mrs L O'Leary, Trustee  
Cllr David Parker, Trustee  
Mr R Roberts, Trustee  
Mrs F Sandford, Trustee  
Mr T Taylor, Trustee  
Mrs A Wilson, Trustee

**In Attendance:** Ms C Barlow, Fundraising Manager  
Mrs B Everitt, PA to Director of Finance (Minutes)  
Mrs S Paterson, Deputy Director of Finance  
Mr G Reid, Investment Advisor  
Mr B Renwick, Fundraising Officer  
Mrs J Smyth, Director of Strategic Change & Performance

1. **Introduction, Apologies and Welcome**

Karen Hamilton welcomed those present to the meeting. Apologies had been received from Dr T Paterson, Trustee, Mr J McLaren, Trustee and Dr L McCallum, Trustee.

2. **Declaration of Interests**

There were no declarations of interest.

3. **Minutes of Previous Meeting – 10<sup>th</sup> September 2020**

Bill Brackenridge suggested that Trustees should be noted as such within the present list. This was agreed.

Karen Hamilton referred to the Pharmacy robot bid under item 7.2 which had been deferred to January and asked for an update on this. Andrew Bone advised that this had been discussed by the NHS Borders Capital Investment Group where it had concluded that core capital funding was a better fit and it was being taken forward as such.

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

4. **Matters Arising**

*Action Tracker*

Susan Paterson provided an update for action 5.1, namely the information on fixed term contracts, including dates, of posts funded from Endowments. Susan took Trustees through these which also included the contractual status with NHS Borders.

Malcolm Dickson felt that this information was very helpful and suggested it could be brought to the Board of Trustees annually after it is collated for the Annual Accounts.

**The action tracker was noted.**

#### *Children & Young People's Centre – Update & Response*

Karen Hamilton referred to her letter to June Smyth asking for an update on the status of the Children's & Young People's Centre and the response received. Karen explained that it was for the Board of Trustees to agree if they wished to release the £500k which had been agreed as a contribution towards this project. Andrew Bone added that the money could be retained as a ring fenced allocation within the fund but it was up to Trustees if they wished to take a different approach. Tris Taylor asked if there were any constraints in using endowment funds to work with a broader set of partners, other than the NHS. Andrew advised that the Endowment Charter describes the purposes and principles, noting that the principles lay out boundaries such as funding should not be offset against core NHS business and that funding can be used as long as it is not substituting core NHS provision and it is benefiting the health needs of the population. It was noted that there is no remit regarding working with partners.

Ralph Roberts felt that unless the funds were required at the present time then there was no need to make a decision and de-designate them at today's meeting. Karen agreed that it was a significant amount and careful consideration should be given prior to a decision being made. Malcolm Dickson felt that due to the length of time this has been ongoing a decision should be made as soon as possible post pandemic. Malcolm also felt that there was a need to communicate the delay with anyone who has actively fundraised for this project. Nicky Berry felt that this should be left for the time being as a significant amount of knowledge had been learnt around children's services on the back of the pandemic which will provide a much better insight into what will be required in the future. Nicky felt that there also required to be communication with the clinicians who had actively been involved on any decisions that are made. Tris enquired if there was sufficient independence with Borders NHS Board in holding these funds. Andrew advised that this is a unique case dealing with a prior commitment and that the funds are purely an earmarked resource in advance of a project being taken forward. Andrew added that a fundraising campaign had never run for this project and no donations have been accepted albeit offers had been made.

June Smyth advised that from an NHS Borders' perspective this project could not be looked at separately from that of the overall BGH site which would not be reviewed in the foreseeable future. June stressed that six months would be the earliest any findings could be brought back to Trustees. David Parker suggested that the funding be released and this can be looked at again in the future if required. Fiona Sandford agreed with this suggestion. Ralph Roberts felt that it may be more appropriate for a report to come to the Board of Trustees outlining the circumstances and asking them to make a formal decision. This was agreed and June Smyth would provide this.

## 5. **Funds Management**

### 5.1 *Investment Advisor Report*

Graham Reid spoke to this item. Graham reported that as at 17<sup>th</sup> March 2021 the portfolio was valued at just over £5.4m. It was noted that from the 18<sup>th</sup> March 2020, the lowest point for the UK market, the portfolio had recovered by 38% (£1.64m). Graham highlighted that this shows the benefit of adopting a

medium to longer term strategy and not try to achieve short term returns. Graham explained that the UK stock market was 10% higher in January 2020 which showed the benefits of diversifying outwith the UK and that he looked to maintain this going forward. Although it was very positive for share prices Graham noted that volatility is to be expected for the foreseeable future. Graham advised that financial recovery won't be hindered with focus being on the vaccine rollout. Graham added that there may also be supply chain issues, an example being the recent Suez Canal blockage. Fiona Sandford asked for a view on the impact of price inflation versus wage inflation. Graham advised that there were concerns on inflation re-emerging with any anticipated pickup in consumer demand, or short term supply chain issues, leading to a spike in inflation but this was expected to be short lived. Graham confirmed that there was an expectation to see a moderate level of inflation going forward.

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

## 6. **Financial Report**

### 6.1 *Primary Statements and Fund Balances*

Susan Paterson spoke to this item. Susan highlighted that the increase in value in year was primarily due to an increase in the investment portfolio valuation. It was noted that the portfolio movements were only reported to 31<sup>st</sup> December 2020, which was slightly behind the report provided by the Investment Advisor, with all income and expenditure being reported to 28<sup>th</sup> February 2021. Susan referred to the statement of financial activities on page 4 of the report and highlighted that the level of spend was similar to the previous year. It was noted that the income received was slightly lower and from a different stream, with a significant amount of this being received from NHS Charities Together. Susan noted that there had been more expenditure against the total income received and reminded that the investment income was only reported to the end of December.

Susan advised that due to the pandemic a number of funding applications approved by Trustees had only been partially progressed, with some not having commenced due to capacity issues. The funding for these projects would be held until they were in a position to commence. Susan confirmed that she would also be checking with project managers in regard to seconded staff for these projects as they may have moved back to core activities throughout the pandemic.

It was noted that the draft Annual Report and Accounts for 2020/21 would be presented to the May meeting with the final pack coming forward to the June meeting for approval.

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

### 6.2 *Register of Legacies and Donations*

Susan Paterson spoke to this item. Susan highlighted the significant donation made to the Palliative Fund plus a number of others received for the period to 28<sup>th</sup> February 2021. It was noted that the position for the full financial year would come forward within the Annual Accounts. Ralph Roberts highlighted that the donations from NHS Charities Together were not listed. Susan

Paterson agreed to look into this and would provide an updated report if required.

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

## **7. Governance Framework**

### *7.1 Endowment Fund Governance Framework*

Susan Paterson spoke to this item and explained that Trustees would normally go through the full Governance Framework at this meeting for the following financial year, however until the Endowment Strategy is approved it was suggested that the existing Governance Framework, and supporting policies, continue to be used to ensure that all changes are made in line with the final approved Endowment Strategy.

**The Board of Trustees noted the report and approved the continued use of the existing Governance Framework and supporting policies during 2021/22 until the implementation of the Endowment Fund Strategy is complete.**

### *7.2 Endowment Strategy*

Andrew Bone spoke to this item. Andrew reminded that during the course of meetings in 2020 there had been a number of discussions around areas of concern from Trustees so he had suggested creating an Endowment Strategy for the charity which would sit alongside the rest of the Governance Framework. It was noted that the document presented today was the output from the workshop held in December. Areas of concern noted at the session included a lack of awareness of funds among potential bidders, concern around the clarity of distinctions between core and non core funding and in relation to how bids should be evaluated and prioritised against available funding. In regard to the risks element of the strategy, discussion at the workshop had concluded that the process did not require to be changed, and that the existing governance should continue. Andrew highlighted the six aims outlined in the strategy, articulating concerns and what Trustees wished to be addressed. Andrew went on to take Trustees through each of these. Bill Brackenridge felt that it was an excellent document and that it would be beneficial for time to be set aside at the next meeting so Trustees could reflect upon it. Malcolm Dickson referred to aim 6 where it proposed that Trustees delegate the planning for major projects to the NHS Borders Capital Investment Group. Malcolm noted his support of this if it avoided another situation like the Changing Facility where funding had been agreed by Trustees but there was not the resource within the Capital Planning Team to take it forward. Sonya Lam referred to aim 1 regarding priorities and identifying areas where investment should be directed and requested that the strategy should incorporate mechanisms required to embed learning from the outcomes of previous investment. Lucy O'Leary asked if there was a process for reviewing priorities as if there was then this should be made explicit within the final document. Lucy noted the requirement for a Comms Plan to be created and highlighted the importance of this to ensure the public are aware of how funds will be used. Lucy also enquired about restricted funds and if there was any opportunity to remove restrictions as some donors may make these without knowing there are other alternatives. Tris Taylor stressed the need to have

independence between Borders NHS Board and Trustees. Tris noted that the distinction between core and non core activity continues to pose a concern for Trustees. There was also the potential conflict of interests for a Trustee who is linked to another organisation. Andrew reminded that the outcome of the national review following the issues raised within NHS Tayside is pending and he expected this to play a large part in the independence of charities.

Karen Hamilton suggested that a further workshop session be arranged to discuss this further and allow an opportunity to respond to comments. This was agreed.

**The Board of Trustees considered the draft Endowment Strategy and agreed to hold another workshop to discuss further.**

## 8. Capital Spend

### 8.1 *Capital Projects Update*

June Smyth spoke to this item. June provided updates on the Macmillan Cancer Extension, Mammography and Changing Facility projects. For the Macmillan Centre Extension it was noted that this would be picked up again in September and the plans would be revisited to ensure they were still fit for purpose. June confirmed that Macmillan have been kept updated and are content with this approach. In regard to the Mammography project June advised that equipment has been received, however due to the replacement of the MRI scanner careful consideration is required on how these two separate projects may impact on the Radiology Department. June went on to explain that for the Changing Facility project a preferred site had been earmarked at the entrance to the BGH, however it had since become clear that this would no longer be a feasible option. As an alternative it was proposed to have a freestanding modular unit on the BGH site with an estimated cost of £55k plus VAT.

June highlighted that an NHS Borders Capital Investment Group (BCIG) had been formed to oversee capital projects and would agree the criteria for prioritising projects and oversee the prioritisation process for projects that are to be progressed by the organisation. Going forward Trustees were asked to seek assurance that projects submitted for charitable funds had been evaluated through BCIG.

**The Board of Trustees noted the update report and approved the spend of £55k plus VAT for the Changing Facility and enabling works.**

## 9. Endowment Advisory Group

### 9.1 *Minutes of Meeting: 4<sup>th</sup> September 2020 (Draft)*

**The Board of Trustees noted the draft Endowment Advisory Group minutes from the meeting held on 4<sup>th</sup> September 2020.**

9.2 *Funding Applications Delegated to Chief Executive and Director of Finance for Approval*

Andrew Bone advised that applications had been reviewed since the last meeting and with the exception of two it was still relevant that these were kept on hold. It was noted that further discussion has taken place in separate forums for those which continue to be held.

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

10. **Fundraising**

10.1 *Fundraising Update*

Brian Renwick spoke to this item. Brian advised that due to the pandemic he was unable to report on the progress he would have liked against the objectives within the Fundraising Plan. Brian referred to objective 1, supporting the Endowment Advisory Group, where it was noted that there was a total of 6 applications on hold. It was noted that future Endowment Advisory Group meetings would be addressed in the 2021/22 Fundraising Plan. For objective 2, concluding the fund re-organisation exercise, it was noted that this had not been progressed for a variety of reasons but would be a top priority in 2021/22 as it would dovetail with the work of the Endowment Strategy. In regard to supporting the Macmillan Centre Extension and Mammography projects, as per the Capital update, Brian confirmed that no support had been required. Brian advised that the new donations process had been embedded with a robust process for receiving donations now being in place.

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

10.2 *Covid19 Endowment Fund Activity*

Brian Renwick advised that the report detailed the current status on the fund set up in response to the Covid19 pandemic. Brian highlighted the committed spend against the total income received and advised of a recent decision to extend the complimentary tea and coffee within the BGH and supply of snack boxes to remote sites which would take a further £15k from the existing balance. Brian advised that Colleen Barlow was currently working on the application for phase 2 for submission to NHS Charities Together which focussed on social care. Brian highlighted that the income as a charity, not taking the Covid Fund into account, had significantly reduced and that it would be a challenge to re-establish this moving forward. Ralph Roberts felt that there may be an opportunity to build and sustain input from the public around the aims of recovering/addressing the impact from Covid19 and this could be picked up via the Endowment Strategy workshop.

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

10.3 *Fund 400 Activity*

Brian Renwick advised that the report detailed an update on the applications received and their current status since the last meeting. Brian confirmed that until the Endowment Strategy is approved and in place these would be taken forward as usual.

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



11. **Any Other Business**

Karen Hamilton, on behalf of Trustees, thanked Bill Brackenridge for his contribution throughout the last year and wished him well for the future.

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

Monday, 17<sup>th</sup> May 2021 @ 2 p.m.

BE  
08.04.21

Minutes of a Meeting of **Borders NHS Board Endowment Fund Board of Trustees** held on Monday, 17<sup>th</sup> May 2021 @ 2 p.m. via Microsoft Teams.

**Present:** Mr J Ayling, Trustee  
Mrs N Berry, Trustee  
Mr A Bone, Trustee  
Mrs H Campbell, Trustee  
Mr M Dickson, Trustee  
Mrs K Hamilton, Trustee (Chair)  
Ms S Lam, Trustee  
Dr L McCallum, Trustee  
Mr J McLaren, Trustee  
Cllr David Parker, Trustee (Joined at 2.15 p.m.)  
Mrs F Sandford, Trustee  
Mr T Taylor, Trustee (Left at 3 p.m.)  
Mrs A Wilson, Trustee

**In Attendance:** Ms C Barlow, Fundraising Manager  
Mrs B Everitt, PA to Director of Finance (Minutes)  
Mrs S Paterson, Deputy Director of Finance  
Mr G Reid, Investment Advisor

1. **Introduction, Apologies and Welcome**

Karen Hamilton welcomed those present to the meeting. Apologies had been received from Mr R Roberts, Trustee, Mrs J Smyth, Director of Strategic Change & Performance, Mrs L O’Leary, Trustee and Dr T Patterson, Trustee.

2. **Declaration of Interests**

James Ayling referred to page 12 of the Valuation Report at item 5, namely the holdings in “First Sentier Invr Stewart Invr Asia Pac Ldrs” and declared an interest in that he believed that this investment is/was managed by a company of which he was previously a Director many years ago and that he receives a pension from its ultimate parent company.

Susan Paterson agreed to liaise with the Board Secretary to include within the register of interests.

3. **Minutes of Previous Meeting – 31<sup>st</sup> March 2021**

Andrew Bone referred to the last paragraph of item 4 (Children & Young People’s Centre Update) on page 2 which stated that the BGH site would be reviewed in the foreseeable future. Andrew advised that this should read the BGH would *not* be reviewed in the foreseeable future.

**The minutes were approved as an accurate record with the proviso that this change be made.**

#### 4. **Matters Arising**

##### *Action Tracker*

**The action tracker was noted.**

##### *Endowment Strategy Workshop – 6<sup>th</sup> May 2021 - Update*

Andrew Bone provided an update from the workshop which had been held on 6<sup>th</sup> May 2021. Andrew advised that a number of issues had been raised, particularly in regard to the Investment Policy and the overall governance arrangements. It had been agreed at the workshop to pause and have a period of reflection so legal advice could be sought for some elements as well as await the outcome of the national review to ensure alignment with the recommendations arising from this. Andrew proposed that the governance review, previously paused until the Endowment Strategy was approved, should now be undertaken and a small working group, chaired by a Trustee, be set up to take this forward. Andrew did not envisage this taking longer than three months to conclude. A number of Trustees noted their interest in being part of this group. Andrew agreed to email round Trustees with a proposal and anticipated bringing an outline workplan to the June meeting.

Karen Hamilton recalled from discussion at the workshop that some elements of the strategy could be taken forward reasonably easily and stressed that these must not be lost sight of.

Malcolm Dickson commented that in regard to showing how funds are spent it may be helpful for Trustees to get this presented in a different way to show the ratio of donations against spend in relation to both restricted unrestricted funds. Andrew advised that it would be possible to present the analytics in a different way if this would be beneficial to Trustees.

#### 5. **Funds Management**

##### 5.1 *Investment Advisor Report*

Graham Reid reported that the value of the portfolio at 5<sup>th</sup> May 2021 was just under £5.3m and was performing exceptionally well. Graham advised that the recent spike in inflation should be viewed as temporary and showed the signs of a recovering economy which has been quicker than anticipated. Graham highlighted a concern in the short term around the drop in dividend income, however advised that dividend income was due to be paid in the next 4 – 6 weeks and was expected to be a significant amount. Graham advised that the market is currently vaccine led which is opening up opportunities for companies and investors as can be seen by those doing exceptionally well across the whole spectrum of the economy.

Harriet Campbell commented that whilst making excellent capital returns the 2.8% yield seemed low in comparison and queried if the balance was correct. Harriet also enquired about who decides and sets the benchmark. Graham advised that the benchmark breakdown is included within the report and confirmed that a composite benchmark is used for the portfolio. Graham went on to explain that due to the composition of the portfolio one benchmark would not be appropriate and a heavily bespoke benchmark, which is a blend of 8 benchmarks, is used. Susan Paterson suggested that the last Endowment

Fund Portfolio Benchmark Review paper be circulated for information and that she will coordinate response to any questions arising including those raised during the meeting. This was agreed.

James Ayling noted that the overall structure was a mixed asset portfolio and enquired how typical this was for a charity with a fund of £5m and if it was comparable with other charities of this size. James referred to the 0.3% investment portfolio fee noted within the annual report and enquired if there were any further underlying costs above this figure as for transparency he felt that these should be recorded. James enquired if the restriction on the volume of the portfolio which may be transacted between certain times had potentially been an issue during the pandemic. Graham advised that the portfolio has evolved over time and confirmed that its composition was considered typical for an NHS charity of similar value. Graham clarified that the ongoing charges figure (OCF) are always detailed for complete transparency but whether these should be used within the annual accounts was not for him to determine. In relation to the delegated limits set for investment transactions Graham explained that this was in place to give a measure of protection to Trustees and that approval would be sought on an exceptional basis at short notice should circumstances require additional flexibility. Graham did not foresee this ever being an issue.

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

## **6. Endowment Fund Annual Accounts 2020/21**

### **6.1 *Draft 2020/21 Report from Trustees and Annual Accounts***

Susan Swan spoke to this item. Susan advised that the accounts had been audited by Geoghegans, the External Auditor, and was pleased to report that they had been given an unmodified opinion. It was noted that the final report and accounts would be presented to the June meeting for approval. Any changes made to the version received today would be documented so Trustees could see at a glance what had been changed. Susan advised that as in previous years an Audit Memorandum with any recommendations will be issued by Geoghegans and will be presented to the September meeting with an update provided against each recommendation. Susan explained that the accounts would be presented to Trustees for approval on 7<sup>th</sup> June 2021 and will then go forward to Borders NHS Board as part of the consolidated accounts. The date for final approval of consolidated NHS Borders Health Board accounts has not yet been confirmed and is therefore omitted from the paper.

Susan highlighted that the sources of income to the charity during 2020/21, and the nature of expenditure incurred, have changed significantly from that reported in previous years as things evolved in response to the various stages of the pandemic. Harriet Campbell referred to the "Reserves Policy – Unrestricted Funds" on page 13 of the accounts as she noted that there had been a significant increase in the balance of unrestricted funds held when compared to the previous year. Susan Paterson referred to the "Statement of Financial Activities" on page 23 and in particular the net gains/losses on investments which noted a total gain of £942,653 on investments. Susan explained that this was due to the recovery of portfolio value against the position reported in 2019/20 (unreleased losses were reported against portfolio

value in that year as a result of market fluctuations during early pandemic phase).listed under the 2019/20 column being recovered during 2021/21. Harriet also noted reference to creditors on page 24 and queried who the charity owed money to. Susan explained that the charity's main creditor is the NHS Board and that this represents timing of reimbursement to NHS Borders of expenditure incurred on behalf of the charity (the board provides operational management of charitable expenditure through health board accounts; expenditure incurred is reimbursed to the board on a retrospective invoicing basis, so that charges relating to March expenditure are reimbursed in April (for example). James Ayling referred to page 2 where it stated that there was no property assets held by the charity. Susan confirmed that there were no physical property assets held in the individual name of the charity. James felt that this required to be clarified within the narrative in relation to the charity's portfolio assets. Susan agreed to do this.

**The Board of Trustees noted the draft 2020/21 Report from Trustees and Annual Accounts.**

**7. Fundraising**

**7.1 *End of Year Fundraising Report 2020/21***

Colleen Barlow spoke to this item which provided Trustees with an update on fundraising activity during 2020/21 as per the objectives in the Fundraising Plan. Colleen explained that the plan had changed due to the Covid pandemic and that the report focussed on Fundraising's response to this. Colleen highlighted that the total donations received had decreased significantly during 2020/21 but this was to be expected and was in line with other charities. It was noted that during 2020/21 a total of £410,547 in donations had been received, with £236,921 (58%) being stewarded by Fundraising. Colleen advised that in April 2020 the Covid19 Response Fund had been established and included grants from Charities Together as well as other donations and grants from across the Borders community. Donations in kind from a variety of local and national businesses had also been received such as food and toiletries to support staff and patients. It was noted that an application process had been set up and was open to all staff to apply for funding for anything over and above core NHS provision which would assist in the response to the pandemic. Colleen highlighted some of the examples where there had been improvements in patient experience, staff wellbeing, enabling technology, amongst others. Colleen advised that Fundraising had also provided support to the Endowment Advisory Group in reviewing applications submitted for funding. It was also noted that improvements had been made to the process for making donations to tighten this up.

Karen Hamilton recalled that prior to the pandemic there were plans to look at legacy giving and to develop relationships with local solicitors and enquired if there was any update on this. Colleen confirmed that this is part of the Fundraising Plan for 2021/22 and it was the intention to have a dedicated page on the website as well as putting up posters across the campus. Malcolm Dickson referred to the enabling technology which had tackled health inequality during the pandemic and hoped that what had been learnt throughout this would be taken forward in future planning. John McLaren referred to the planned work on legacy giving as he did not feel comfortable with making direct

approaches to solicitors and how this could be viewed by the public. Colleen assured that careful consideration would be given at how this is taken forward. James Ayling suggested that rather than approaching the public it may be better to approach the solicitors direct. Karen confirmed that had been the intention prior to the pandemic before everything had been put on pause. Sonya enquired if there had been any consideration given to how successful initiatives could be sustained over a longer term period, for example where a project is time limited but has demonstrated added value during that period. Colleen advised that this will be taken forward as part of the work with Fund Managers when looking at reorganising funds during 2021/22. Harriet Campbell referred to the mammography project and queried why this was not core NHS business. Andrew Bone confirmed that breast screening diagnostics is a core NHS function but that the project related to enhancements to the environment to improve patient experience. Andrew advised that Trustees are required to evaluate individual proposals in relation to this criteria and reach agreement around evidence of added value beyond the core NHS functions provided by the board. Andrew further advised that one of the aims of the local strategy development is to evolve a common understanding with trustees on how the purposes of the charity will be interpreted in light of this distinction. Andrew acknowledged that this was an area of debate for all NHS charities and that there is an expectation that further clarity will be provided through the national review.

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

7.2 *Fundraising Plan 2021/22*

Colleen Barlow spoke to this item. Colleen advised that the plan consisted of three overall objectives, namely to conclude the reorganisation of restricted funds, ensure ongoing participation and involvement in the development and implementation of the Endowment Strategy and continue the day to day running of the Fundraising office.

**The Board of Trustees approved the Fundraising Plan for 2021/22 and noted they would receive quarterly updates on progress against the plan in line with Trustees' meetings.**

8. **Any Other Business**

None.

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

Monday, 7<sup>th</sup> June 2021 @ 2 p.m. via MS Teams.