

## Trustees of the Endowment Funds Minutes of the meeting on 15 December 2022 via Microsoft Teams

Present: Lesley Bowie (Chair) Derek Lindsay  
Claire Burden Ewing Hope  
Adrian Carragher Margaret Anderson  
Sheila Cowan Lynne McNiven  
Jean Ford

In attendance: Fiona McGinnis  
Ian Dale, Eden Tree  
David Osfield, Eden Tree  
Shirley Taylor (Minutes)

### 1. Apologies for absence

The chair welcomed everyone to the meeting. Apologies were noted from Bob Martin, Christie Fisher, Marie Burns, Douglas Reid, Linda Semple, Lee Lyons, Jenny Wilson and Sukhomoy Das.

### 2. Declaration of interests

None noted.

### 3. Draft minutes of the Trustees meeting held on 28<sup>th</sup> June 2022

3.1 The minute was approved as an accurate record of the meeting.

### 4. Action Log and Matters Arising

Most actions were noted as complete with one remaining concerning the contribution to the leadership academy. The Chief Executive provided an update that work is ongoing with regard to the executive sponsorship required from North and South Ayrshire. It was noted that IJB colleagues would be included through the councils. The funding is pro rata and a contribution of £18k will be provided by each partner. A further update will be provided in March 2023.

### 5. Investment Portfolio

5.1 Investment Manager  
The investment managers from Eden tree were in attendance to report on the performance of the Endowment Fund investments. Some background was provided on Eden Tree who are the fourth largest corporate donor to charity in the UK. They have a particular focus on ethical investments and have donated £100m to charity in the past five years.

It has been a volatile year for investments due to factors such as the Ukraine war, gas and energy shortages, defense stocks, tobacco, alcohol and coal. The mini budget also had a big influence on the value of the pound against the dollar which is currently 20-30% undervalued. Some of the uncertainty is also due to Brexit. Following covid, from a valuation perspective more realistic levels are starting to be seen in the markets.

With regard to the ongoing yield requirement, UK dividends are expected to increase by 11% in 2022 and 8% in 2023. This is the best level since 2012 with financial statements in relatively good health. In terms of bonds, this has been the worst year on record with the government bond index falling nearly 22%. This is mainly due to inflation. The outlook is challenging for the next six months, a big factor will be what happens within China regarding resolving covid and the effects of the Chinese economy feeding into global markets.

Discussion took place with regard to risk with the companies being invested in. Companies who have equality of capital and a healthy balance sheet however stress test will always be conducted on ability and willingness to pay out income.

**Outcome:** *The Trustees received the presentation.*

## 5.2 Portfolio Valuation

The portfolio position up to the end of November was presented. We have continued to see modest growth into December 2022 with performance of CPI being a massive outlier and continuing to increase. A longer term view is required along with a reduction in bond exposure to 26%. It is thought that once CPI has recovered it will take around 10-18 months before any impact is seen. Demand led inflation could offset some of the supply chain issues and as such we need to remain diversified in our investments.

A Trustee raised a query with regard to the process of risk assessments being carried out to ensure we have the correct portfolio mix. It was noted that Eden Tree do not have a high risk appetite and our current risk parameters have been maintained. Any changes would should be communicated as early as possible.

The Investment Manager advised that NHS Ayrshire and Arran are obliged to complete an annual review check to confirm that there are no changes in the investment objective and treatment of income. This will be shared with the Trustees for agreement following the meeting.

Action: Shirley Taylor

**Outcome:** *The trustees received the presentation of the Portfolio Valuation up to end November 2022 and thanked the Investment Managers for their attendance.*

## 6. Governance of Endowment Fund

### 6.1 Endowment Charter

The Trustees received the Endowment Charter and it was noted that it is both good practice and recommended by OSCR for the charter to be reviewed on a yearly basis for any required changes. This was last reviewed in March 2021.

The Director of Finance provided some background on the Endowment Charter which was created in 2013 in order to review all Boards Endowment funds for consistency with best practice and a policy governing this was created at that time.

Particular attention was paid to the Investment Policy. It was felt that cogniscance should be given to the ethical aspect of the investments and where possible investments should be made in companies that are sustainable., The Trustees felt that changes to the current market value and the attitude to risk is something that should be reviewed annually. After discussion it was agreed that the Endowment Charter and Investment Policy would be shared with the Endowment Committee for suggested amendments in line with the suggestions above. Once changes have been finalised the Policy should be returned to the Trustees for agreement and shared with Eden Tree thereafter.

Action: Shirley Taylor

**Outcome:** *The Trustees reviewed the Endowment Charter and agreed amendments should be made by the Endowment Committee in the first instance.*

## **7. Minute of Endowment Committee Meetings**

### **7.1 Endowment Committee Minute of 8 September 2022**

The Director of Finance presented the approved minute and advised that Alan Brown from Kilmarnock Railway Station heritage trust attended to request funding for virtual reality equipment to assist their counselling session. Initial funding was provided by NHS Charities Together as part of their community based allocation to commence free counselling session. To date over 500 people have received six or more counselling session and the committee agreed the funding of the virtual reality equipment to support these sessions.

Agnes Allan was also in attendance from the Cochlear service to provide an update on the Help to Hear restricted Fund and spending plans for this fund. Discussions are underway to look at upgrading rooms in the department with either sound proofing or sound treatment depending on what the room will be used for. There are also discussions ongoing around specific virtual reality equipment that will support the department.

The committee received a bid for consideration for MRI Software for Radiology. Due to the value of this equipment being outwith the committee remit, discussion took place as to whether the committee agreed that the bid would be worthwhile for Trustee consideration. The bid will be discussed at item 8.2.

**Outcome:** *The trustees received the approved minute.*

### **7.2 Endowment Committee Minute of 1 December 2022**

The Director of Finance presented the draft minute from the last committee meeting and advised that the Senior Charge Nurse from Renal had been in attendance to provide an update and spending plans for the two renal restricted funds with one

fund supporting patients for a support groups, outings etc and the other to support staff activities.

Discussion also took place at the committee meeting regarding the NHS Charities Together Funding which had been a major funding source throughout the pandemic. This funding was used to develop the wellbeing hubs which have recently opened within ACH and UHC. The hub at UHA will be completed early 2023.

All bids received at the meeting were agreed for funding.

A recent internal audit was carried out to give assurance of the financial controls in place around the Endowment Fund. One recommendation is made with regard to signatories being maintained and updated regularly. This action has been completed. It was agreed that a copy of the audit would be circulated to the Trustees for information.

Action: Shirley Taylor

**Outcome:** *The trustees received the draft minute*

## 8. General Fund

### 8.1 General Fund Expenditure

The Assistant Director of Finance provided the routine update on the general fund expenditure. The total available within the fund for 2022-23 was £319k. This could be attributed to £294k allocation from the general fund and £25k set aside for the leadership Academy. Of the £294k allocated, £114k has been spent as at the end of October. It is anticipated that the majority of the £180k balance will be spent by year end although some areas may not be fully spent.

A question was raised with regard to the Investment Fee, it was confirmed this is the payment to Eden Tree. A tender process is conducted every five years for the Investment Advisors. The trustees are responsible for a portfolio of £8m with Eden Tree targeted to generate income of £360k per year.

**Outcome:** *The Trustees received the general fund report.*

### 8.2 MRI Software Bid

The Director of Finance presented the MRI Software Bid to the Trustees. This was put forward to the Endowment Committee in Septemebr 2022 who agreed for it to be put forward to Trustees for consideration.

It was noted that the core replacement of the MRI scanner is being funded from exchequer funding. A variety of options for software to support the scanner are listed within the quotation which will increase the speed of the examination and the comfort of the patient. There are approximately 6,000 MRI examinations undertaken each year with this extra cost being approximately £17 per patient as all patients would benefit from the software. All maintenance for the software is included as part of the initial contract.

The Director of Finance advised that the department hold a restricted fund which was generated from medical research and was going to be utilised for Digital Pathology however it has been confirmed there is no longer a requirement for this.

It was suggested that Trustees consider a partial fund of the bid due to the restricted fund in place for radiology. It was therefore agreed that £40k should be funded from the restricted fund and the remaining £80k would be funded from the Endowment Trustees general fund.

Action: Shirley Taylor

## **9. Restricted Funds**

### **9.1 Fund Summary**

The Assistant Director of Finance provided the regular summary of the restricted funds over £50k. A report of funds over £10k is routinely provided to the Endowment Committee. There are currently 16 funds over £50k with a total value of approximately £2m. The Trustees also received a breakdown of the funds balances from all 212 restricted funds.

The chair raised a question with regard to the large sum of restricted funding for the reconfiguration of Arran. It was noted that the service manager attended an Endowment Committee meeting this year to advise of the spending plans for the fund. It was noted that although small items are being funded there will be no significant reduction made until a firm plan for the hospital is in place.

## **11. Any other competent business**

### **11.1 Meeting dates for 2023/24**

The circulated dates were agreed by the Trustees.

### **10 Date of next meeting**

The next meeting will take place on Thursday 23 March 2023 at 0930 hours via Microsoft Teams/Meeting Room 1, Eglinton House

Approved:

Date: