


| | | |
|--|---|---|
| HIGHLAND HEALTH BOARD ENDOWMENT FUND | Assynt House Beechwood Park Inverness IV2 3BW Tel: 01463 717123 Fax: 01463 235189 Textphone users can contact us via Typetalk: Tel 0800 959598 www.nhshighland.scot.nhs.uk |  |
| DRAFT MINUTE of MEETING of the ENDOWMENT FUNDS COMMITTEE Microsoft Teams | 7th March 2022, 10.00am | |

Present Mrs Deirdre Mackay, Chair of Trustees
 Ms Jean Boardman, Trustee
 Mr David Garden, Trustee
 Dr Gaener Rodger, Trustee

In Attendance Mr Iain Addison, Head of Area Accounting
 Mr Mark Ivory, Investment Director, Adam and Company
 Mr Donald Mackenzie, Assistant Financial Services Accountant

1 WELCOME/APOLOGIES

All present were welcomed to the meeting by the chair who noted Jean Boardman would be attending in an observing capacity.

Apologies were received from Albert Donald.

2 DECLARATIONS OF INTEREST

Members were asked to consider whether they had an interest to declare in relation to any Item on the Agenda for this meeting. No declarations were made.

3 DRAFT MINUTE OF MEETING HELD ON 06 SEPTEMBER 2021

The Committee

- **APPROVED** the circulated draft minute of the meeting held on 6th September 2021 as an accurate record.

4 MATTERS ARISING NOT ON THE AGENDA

The Chair asked if, considering current world events, NHS Highland Endowments have any investments in Russia. Mark Ivory confirmed that there were no direct investments.

5 INVESTMENT FUNDS

5.1 Investment Managers Annual Report

Mark Ivory gave a presentation outlining the investment scenario over the past year and commented on the current position and noted uncertainty caused by recent geopolitical events.

- M Ivory noted that economies have enjoyed a rebound over the course of 2021 after the impact of the first year of the pandemic trends indicate this is likely to continue, however recent events have increased levels of uncertainty.

- Employment figures are moving back towards the pandemic low of 3.8% of unemployment.
- Higher inflation over 2021 has largely been related to supply chain issues due to increased working from home, spending on goods more than services and shipping queues and bottlenecks in supply.
- Oil has performed well.
- UK equities have underperformed significantly due to index composition and Brexit.
- New Investment Themes for 2022 are Infrastructure and Transportation due to increased government spending globally on infrastructure, decarbonisation measures which require changes to infrastructure, and inflation protection is often built in.
- Pros: Global economic growth has peaked but at a very high level and is expected to remain above trend. US tapering has started but it will be some time until monetary policy is in restrictive territory. Inflationary pressures are expected to be temporary. Stock market opportunities remain present.
- Cons: Supply chain bottlenecks are lasting longer than expected. Inflation outlook is still uncertain with some fears of stagflation. US stockmarket is trading at rarely seen levels. There is uncertainty over China with regulatory crackdown and Evergrande implications.

Performance to 28 February 2022

Portfolio Value: £9,122,999

Income Account Balance: £7,349

(+21.7% change since 2017 for Portfolio total return; +24.2% for benchmark)

In discussion, the following matters were addressed:

M Ivory and I Addison agreed to discuss the following outwith the meeting:

- the purpose of the portfolio (balance between capital growth and income generation)
- the Treatment of Income (all income currently reinvested)
- the Investment Time Horizon (previously confirmed at 10+ years)
- The bespoke benchmark (currently 50% MSCI UK, 30% Gilts, 15% International Equity and 5% cash)
- Portfolio Restrictions (no direct investment in alcohol, tobacco or armaments; portfolio should not have more than 70% in equities – currently 67%)
- Risk Tolerance (this is marked with a Risk Profile of 6 but M Ivory noted it is closer to 5). M Ivory agreed to supply a paper to explain the risk tolerance.
- Other questions for consideration: To what degree would a loss in the portfolio's value or income have an impact? Would access to investment capital be required in the event of an unforeseen emergency? If the portfolio dropped 20% in a 12-month period how would you react?
- M Ivory will make a proposal for benchmarking to the committee and I Addison will circulate the information.

NHS Boards are required to meet Net Zero by 2040. It was noted that there is no current restriction to invest in, for example oil, and that it would be a decision for the Trustees about which areas of investment to avoid.

The Committee

- **Noted** the update.

6 APPLICATIONS

6.1 Sir Tom Fund

I Addison gave an outline of an application received from the Volunteer Services Manager Ian McConnell for funds to employ two Volunteer Coordinators for a two-year period to help

promote the NHS Highland Volunteer Programme with a focus on rural areas, one post to cover Highland and one to cover Argyll and Bute.

In discussion, it was noted

- that the request is for a significant amount of money and that the proposal would need to go to the Trustees for consideration if the committee recommends approval.
- that NHS Charities Together or the COVID Recovery Grant may be a better fit to fund the proposal due to the significant amount sought.
- That a business case is required to show how the posts could be supported on a recurrent basis beyond the fixed two-year period. Details would need to be assessed through the office of the Director of Nursing.
- That the band 5 grading is to ensure that the full range of potential recruitment costs are covered and does imply that the appointment be made at band 5 level.
- It was asked where oversight of this project would sit. It was suggested that the Staff Governance Committee is the most appropriate governance route to assist with evaluating the success of the initial two-year period, and if further investment is required in this area.
- Committee members voiced their general approval for supporting volunteer work, noting its large impact on patients and staff.

The committee

- **Agreed** that it is happy to support the proposal in principle.
If funding is not available from NHS Charities Together or COVID Recovery Grants then funding can be approved from Endowments – pending final approval from the Trustees due to the significant amount – *for the first two years only*. Any subsequent funding from Exchequer or elsewhere cannot be agreed by this committee.
A funding sustainability plan for succeeding years should be supplied.

7 FINANCIAL REPORTS

7.1 Position as at 2022

7.2 Donations

7.3 Expenditure

I Addison gave an overview of the current situation. A statement of the Investment Portfolio valuation as at 31st December 2021 and a spreadsheet of the figures was circulated ahead of the meeting. The budget funds are standing at about £4.9 million and the specific funds about £4.2 million

During discussion it was noted that the Ian Charles Hospital at Granton and the St Vincent's Hospital at Kingussie had been closed to be replaced by the Badenoch & Strathspey Community Hospital at Aviemore.

- It was suggested that donations to the Friends of Ian Charles and St Vincents should be used within the local community and therefore be redirected to the Theresa Bural Legacy or the new hospital at Aviemore.
- I Addison will confirm this with the Friends of Ian Charles and St Vincents.

The Committee

- **NOTED** the Financial Reports.
- I Addison stated that he would contact the Friends of Ian Charles to determine where they wanted the funds to be redirected.

8 NATIONAL CHARITIES (NHSCT) MONIES – ACCESS AND USE

Report by Iain Addison

I Addison provided an update on the current position to the end of August 2021.

- Funds are still available. There is £231,000 available set aside specifically for NHS Highland to bid against for community partnership work which could be used to support third sector and social care projects as opposed to 'health' projects.
- The Stage 3 COVID recovery grant has £156,800 available for items such as the application outlined in item 6.1. I Addison suggested that following the earlier discussion it is likely that this bid would be applied to this grant in order to achieve the full monies requested.
- There is an operational support grant of 10% available to support administrative costs for a community post that might be required to oversee any proposal put forward.

Job evaluation has not yet been received from HR for post of Charity Manager but once that is in place then work will proceed apace. The project bids must be submitted by the end of August.

- A development grant of £30,000 to support the development of the charity, which can be used to develop governance, financial arrangements, and related processes.
- From discussions with National Charities, I Addison noted that they are well aware of the changes in status to Endowments, and was therefore also aware that there might be an opportunity to use this money to develop and support the new arrangements.

During discussion,

- It was confirmed that in order to spend the money plans must be evidenced.
- It was noted that there is a significant amount of money and that Chief Officers need to be encouraged to come forward with plans for spending and that this needs to be seen as part of any proposal submitted to National Charities.
- I Addison will discuss with Adam Palmer from the Staff Wellbeing Group about spending ideas for the committee to support. Recent discussion has included ideas such as break out spaces or 'hobbit huts', and subscriptions to Highland High Life.
- It was noted that High Life subscriptions may have tax implications and so this will need to be investigated. However, it was agreed that the range of activities offered by High Life and its geographical reach were greatly in its favour.
- The Chair suggested I Addison should speak with the new head of the Chaplaincy at Raigmore about possible fundable wellbeing ideas.

It was also noted that wellbeing money has been received from Scottish Government direct to the Board to support improvement to general staff wellbeing.

9 ANY OTHER COMPETENT BUSINESS

The Chair noted that she would not be standing for re-election with the Highland Council and would therefore be standing down from the Board and the Trustees and that this would be her final meeting for the committee. The Chair thanked the committee for its support.

The committee thanked the chair for her work and wished her well for future endeavours.

10 DATES OF FUTURE MEETINGS

6 June
5 September
5 December.

Meetings to take place on Mondays at 10.00am.

The Committee noted the update.

11 DATE OF NEXT MEETING

The next scheduled meeting of the Committee will be held on **6 June** at **10.00am**, venue to be confirmed.

The meeting closed at 11.11am.