

Trustees of the Endowment Funds

Minutes of the meeting on 15 December 2023 via Microsoft Teams

Present:

Lesley Bowie (Chair)	Jean Ford
Claire Burden	Neil McAleese
Sheila Cowan	Marie Burns
Lee Lyons	Douglas Reid
Derek Lindsay	Jenny Wilson
Christie Fisher	Tom Hopkins

In attendance:

Fiona McGinnis
Philip Baker, EdenTree
Greg Herbert, EdenTree
Joellene Mitchell, Heartstart
Shirley Taylor (Minutes)

1. Apologies for absence

The chair welcomed everyone to the meeting. Apologies were received from Crawford McGuffie, Joyce White, Linda Semple and Marc Mazzucco.

2. Declaration of interests

None noted.

3. Draft minutes of the Trustees meeting held on 27 June 2023

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

4. Action Log and Matters Arising

The Assistant Director of Finance advised that discussion had taken place with Chair of the Endowment Network and it will not be possible to joint fund the men's shed as endowment funding is specific to each area. It was agreed this action would now be closed.

5. Investment Portfolio

5.1 Investment Manager

The Investment Advisors were thanked for their attendance and introductions were made. Following the Endowment Committee meeting on 5th December a list of specific questions were sent to EdenTree for response to Trustees. A question was raised with regard to how the managed income fund compares to the single fund. It was confirmed these are very similar pre and post transfer. There is slightly less UK equities and more overseas equities in the Managed Income Fund, there is no other significant differences between the funds. There is still the same approach to sustainable opportunities as

there was in the previous fund. With regard to the risk profile this is also very similar to the previous fund as the funds behave in a similar way.

A question was raised from the committee with regard to the performance of the fund in the short term and performance versus cash. It was highlighted that performance was not as good as we would wish against the benchmark however the investments should be considered over a longer term period of 5-7 years in order to generate a longer term return. This can be achieved by having a longer term attitude to risk and a diversified portfolio. EdenTree are taking a longer term view in companies they perceive doing well in the future.

It was requested that the risk analysis be sent to members for review. It was agreed this would be sent following the meeting as well as more current data on the diversification analysis.

ACTION – Philip Baker

A trustee questioned the investment objective which was to generate £360k annual income whilst maintaining capital growth. EdenTree confirmed this has been achieved however it was agreed this should be from dividends and not just donations to the fund. Detail on the final month income generation will be available from 15th December 2023.

Discussion took place around the behaviour of the equity markets which have had a dramatic turnaround over the past couple of months. The aim is to try and generate a sustainable income within a responsible framework. It was confirmed that no investments are made in UK oil, gas, mining or tobacco industries. Investments are more diversified in terms of infrastructure and green energy. It was noted that good yields affect long term capital returns. Investments are made in attractive growing companies with interest rates now being at their peak.

With regard to fund allocation there is very broad diversification within the fund which is key for EdenTree with typical yields of over 5%. The markets are currently very volatile although this has started to rebound within the UK in particular. In recent months the biggest returns have been brought by oil and gas (which is excluded from the portfolio) and companies such as Google and Apple however they tend to be very expensive to invest in. The focus for EdenTree is in UK and European smaller, more interesting companies that should provide a return over the longer term.

On looking at income generation this was found to be high with dividends being reinstated rapidly following Covid. Looking forward to 2024 from a geopolitical perspective it is anticipated there will be US and UK Elections taking place as well as the current war and conflict which will have an impact on the equity market.

The Managed Income Fund is up 6.7% in recent months. Investments would have been made in September/October 2023 so it anticipated there will be a further return over the past couple of months. Trustees requested that up to date information be provided for the last quarter of 2023 as the data shown was for the previous quarter to 30 September. It was agreed this would be provided to Trustees.

ACTION – Greg Herbert

Outcome: *The trustees received the presentation and thanked the Investment Managers for their attendance*

5.2 Portfolio Valuation

The Trustees considered the Investment report for quarter 3 and it was felt that this was underperforming against the FTSE benchmark and discussions with other Boards have indicated that their funds are receiving better returns on their investments. It is hoped that there will be a better picture from the quarter 4 report. It was also noted that other Boards receive their investment reports on a monthly basis rather than quarterly. Discussion took place on whether Trustees would be willing to reduce the restrictions of ethical investments (eg. To not invest in oil and gas) in order to gain a bigger return.

A new tender process will be commencing soon which requires to be robust. It was noted that colleagues from NHS Dumfries and Galloway have, in the past, engaged an external specialist advisor to assist with the recruitment process and advise the committee on making the correct choice of Investment Advisor. It was agreed that further discussion would take place with colleagues from the Endowment Network to gauge the return for other Endowment funds and potential costs to engage an external advisor.

ACTION – Fiona McGinnis

Outcome: *The Trustees received the portfolio valuation*

6. Minutes of Endowment Committee Meetings

6.1 & 6.2 14 September 2023 and 05 December 2023

The Chair of the Endowment Committee highlighted key points to Trustees from the last two Endowment Committee meetings. A rolling schedule of review has now commenced for the larger fundholders to attend the committee and to advise of future spending plans. This accounts for almost 50% of the restricted fund balance.

The current Investment contract is due to conclude in June 2024 and the tender process is being commenced to recruit a new Investment Manager.

A number of delegated bids were received and considered by members.

The quarterly investment report was received and is a work in progress due to questions raised with the Investment Manager.

The risk register was noted and assurance was given that all risks are being managed appropriately.

Outcome: *The trustees received both the approved and draft minute*

7. General Fund

7.1 General Fund Expenditure

The Assistant Director of Finance provided the routine update on spend against the general fund. At the beginning of the year a budget of £327k was allocated from the general fund, with £90k of this being provided to the Endowment Committee to fund endowment bids. The position provided is up to the end of October 2023. A slight

underspend was noted for patient amenities however it was clarified that the majority of this fund is utilised for Christmas and it is expected the allocation will be fully spent by year end.

With regard to the Performing Rights Society, one invoice is generally received for this towards the end of the year. Spend is also on track for Ayrshire Achieves.

It was noted that the spend on the Leadership Academy has not been fully utilised. The Chief Executive confirmed spend to date of £1900. The programme was not invested in as expected by all organisations. A further session has been planned for January and feedback will be provided following this with regard to the plan going forward. It was felt that if this spend was not going to be utilised it may be reconsidered to go forward to a number of training bids received by the Endowment Committee. This will be discussed further when more information on the expected spend is available.

ACTION – Claire Burden

The Investment Fees are lower than anticipated within the budget. This has been confirmed with the investment manager and it is expected that by year end there will be an overall underspend of around £60k.

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

7.2

Application from Heartstart

A representative from Heartstart was in attendance to provide some background on the bid for funding. Heartstart is a voluntary organisation established in 1996 to provide training on emergency resuscitation including skilled assessment of unwell patients, chest compressions and use of defibrillators. Since last year the programme is being run by Save a Life Scotland instead of the British Heart Foundation and is being delivered to schools across Ayrshire and Arran. Unfortunately the school input decreased due to Covid as did the number of volunteers to the programme.

A three year plan has been developed with funding being sought to support staff to reinvigorate the programme. As part of the bid the funding will support a new training instructor and admin staff member. There is also an expectation that all NHS non-clinical staff will be offered training as there is no capacity at present to undertake this within the resuscitation team.

It was confirmed that a small number of donations are received by Heartstart which is utilised on top of the current funding provided by Endowments.

It was noted that there is no dedicated training space available on site and all training is taking place in off-site venues. One of the Trustees agreed to liaise with the Life Saving Society in order to request more volunteer support for the programme.

ACTION – Neil McAleese

It was also confirmed that further discussion would take place in order to source a dedicated on-site training space for the programme.

ACTION - Claire Burden

A question was raised with regard to the spend on the current SLA which is currently at £21,500 of the £30,000 contribution. It was confirmed this is currently underspent due to the decreased activity however it is anticipated that activity will increase once new staffing is in place.

The Trustees confirmed they were supportive of the bid and as such £35,000 per annum was approved for three year funding.

Outcome: *The trustees approved the bid for funding*

8. Restricted Funds

8.1 Funds Summary

The Assistant Director of Finance presented the Restricted Fund Summary and highlighted the 16 funds with balances over £50k that should be reported to Trustees at a total value of £2.2m. A report was also provide on the full 212 restricted funds with an overall balance of £3.4m.

Outcome: *The trustees received the fund summary*

8.2 Restricted Fund Update Plan

The Trustees received the Restricted Fund Update Plan for the next year and discussion took place on some of the fundholders who had already attended committee meetings to advise of spend. To date the committee have heard from fundholders for Help to Hear, Arran, the MS Bevan fund and NHS Charities Together spend. It was agreed that the plan was very well structured.

Outcome: *The trustees received the plan*

8.3 Donations and Expenditure

Two donations over £50k have been received since the last meeting. Crosshouse Hospital Volunteers have made a donation to Endowments of £75k and the Staff Lottery, which has now been disbanded, donated £329k to Endowment for the benefit of all staff. A new fund has been created with partnership representatives as the fundholders for the staff lottery donation. Trustees discussed on potential conditions of this fund and it was felt this should not be made too restrictive due to it being staff money.

Outcome: *The trustees approved the two donations in excess of £50,000*

9. Any other competent business

9.1 Dates for 2024/25

The suggested dates for 20224/25 were approved by Trustees.

9.2 Kilmarnock Railway Station Heritage Trust

A BBC Article was shared with Trustees to advise of the success of virtual reality software which was funded last year by the Endowment Committee. A representative from Kilmarnock Railway Station heritage Trust attended a committee meeting following the funding to present the benefits of the software for their counselling sessions.

10

Date of next meeting

The next meeting will take place on Thursday 28 March at 0930 hours via Microsoft Teams.

Approved:

Date: