



Borders Health Board  
Endowment Funds  
(known as "the difference")  
Annual Report and Accounts

2018-2019

**NHS Borders**  
Newstead  
MELROSE  
Roxburghshire  
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**BORDERS HEALTH BOARD ENDOWMENT FUNDS  
ANNUAL ACCOUNTS 2018-2019**

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**REPORT OF THE TRUSTEES**

**Report of the Trustees for the year ended 31st March 2019**

The Trustees present their annual report and accounts for the year ended 31st March 2019. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charities constitution, the Charities and Trust Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and RoI published 16th July 2014.

**Acknowledgements**

The Trustees wish to express their gratitude to the individuals and organisations who have generously donated monies to the Endowment Fund.

**Objectives and Principle Activities**

**Purpose**

Endowment Funds are held for purposes relating to health services or research within the Scottish Borders region, in line with NHS Borders Endowment Fund Charter subject to any specified directions prohibiting such expenditure which may have been issued by Scottish Ministers. No property assets are held by the Charity.

The Endowment Funds in the main comprise of donations and legacies received from patients, their relatives and the general public. Income and expenditure is monitored in total by the Trustees. However, expenditure can only be incurred once an appropriate and agreed fund balance has been identified. Income generated through specific fundraising appeals and fundraising activities is coordinated by the Fundraising Manager. It is not NHS Borders Endowment Fund Policy to make a general grant of funds to other organisations.

The Trustees have continued to work closely with the corporate trustee, NHS Borders Board, whose staff has given time and assistance in kind to support the purpose of the endowment funds.

**Achievements and Performance**

**General**

The Endowment fund has delivered a range of benefits from charitable activities during 2018/19; these have been noted within this report across pages 3 - 7.

The Difference is the known as name of the NHS Borders official charity. The Difference is an affiliate member of the Association of NHS Charities and the Fundraising Manager is a member of the Institute of Fundraising.

Necessary steps and measures are in place to ensure that the Difference is compliant with the new GDPR regulations.

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**Fundraising**

The main focus of the 2018/19 fundraising plan was the continued support of the planned extension and refurbishment of the Borders Macmillan Centre within the Borders General Hospital. The campaign target was £210,000 and the appeal was closed in October 2018 on receipt of a significant donation which brought the total raised to £302,285.

With the £18,360 of funding received from the postcode lottery trust, the 'space to grow' project commenced in October 2018 and is scheduled to complete in spring 2019. Space to Grow is a garden project providing socio-horticultural therapy to patients from our inpatient mental health ward at Borders General Hospital. Having a calming green space where patients can learn and engage in productive, therapeutic activity, away from a ward environment has significant mental health benefits.

A new partnership with Radio Borders (Cash for Kids) was established and a process for regular gifting of toys to four identified areas (Radiology, A&E, Ward 15 and Outpatients) is now in place. Toys are given to children who are in the hospital either as patients or visiting family members and donations to the approximate value of £4,000 have so far been received.

The palliative care fund continues to benefit from annual donations from a partner charity 'Charity for Care' based in Kelso and this year's gift of £50,000 takes the total to over £250,000 received in four years.

All fundraising matters are presented directly at Board of Trustees meetings.

**Charity Partners**

The Endowment Fund has been supported in its work during 2018/19 by a number of partner charities. The delivery of many projects detailed within this report has been made possible by these partner charity relationships, many of which have been developed over a number of years.

**Financial Review and Results for the Year**

**Legacies and Donations**

The charity received legacies and donations throughout the year and ensures all monies received are allocated to the appropriate fund as requested. At each quarterly meeting, the Endowment Fund Board of Trustees is advised of any donations and legacies over £5,000 in value which has been received by the charity.

Details of legacies received are noted separately within the Annual Accounts.

**Endowment Funds Expenditure**

Endowment Funds expenditure relates to items relevant to the purpose of the Charity, predominantly patient welfare, staff training and development, and the promotion of healthcare. Outgoings are consistent with NHS Borders Guidance to Officers in the use of Endowment Funds.

Approval of expenditure must adhere to regulations contained within Borders Health Board Code of Corporate Governance specifically to the Endowment Funds Financial Scheme of Delegation.

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**Fund Balances**

The Endowment Funds record net income in the year of £86,483 (2017/18: £530,177).

The Statement of Financial Activities (Page 22) details the financial sums reported in the accounts with the following narrative providing further analysis of the income and expenditure reported:

Donations and Legacies

The Endowment Fund has received legacies and donations totalling £482,578 during 2018/19. The level of income may fluctuate and there has been a decrease of 28% from the 2017/18 total of £676,066. The stewarded fundraised income is noted below and reflects the extent to which the Fundraising team supports donors across the Endowment Fund portfolio.

Fundraising Income

The level of funds stewarded by the Fundraising Team has been noted within the accounts as totalling £322,694 in 2018/19 (2017/18: £455,488). A separate section on fundraising activities is included in this report.

Fund Expenditure

The Endowment Fund spent £993,352 during 2018/19 (2017/18: £665,420) to further the charitable purpose.

The Trustees approved funding of a number of projects proposed by the Health Board Clinical Teams, which were recommended by the Endowment Advisory Group, to utilise unrestricted funds. In addition a number of restricted funds were utilised. The main projects are detailed below.

Border Macmillan Cancer Centre Extension Project (2018/19 expenditure £112,976)

The Borders Macmillan Cancer Centre was first opened in 2003 and provides a focus for specialist cancer services in the Scottish Borders. During 2017/18 NHS Borders approved a project to extend, reconfigure and refurbish the Cancer Centre which the Endowment Fund Trustees agreed to support entirely through Charitable Funds, including as part of the Fundraising Strategy a public appeal for the project. Macmillan Cancer Support very generously agreed a significant financial contribution totalling £415k towards the project.

During 2018 the project was paused due to the insolvency of the appointed contractor. Since then work has been taken forward to repeat the market tender exercise and appoint a second contractor to deliver the project. Regular updates are provided to the Trustees on progress, however a construction re-start or completion date for the project has not yet been finalised.

Borders Cancer Services (2018/19 expenditure £64,930)

The Borders Cancer Services fund includes the costs incurred by the Evelyn Sutherland Clinical Nurse Specialist (£29,533), who was appointed in January 2017 to support patients who have a gynaecological cancer. The post is funded through a living legacy agreement with the Evelyn Sutherland Trust. The first annual report detailing the outcomes and benefits achieved through the legacy funding was presented to the Evelyn Sutherland Trustees during 2018. The fund also incurs the costs relating to provision of transport for cancer patients totalling £21,112.

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**Fund Balances (continued)**

Staff Welfare/Training and Development expenditure (2018/19 expenditure £55,620)

To reflect the continued commitment towards achieving one of NHS Borders 2016/19 corporate objectives - 'promote excellence in organisational behaviour' - the Trustees approved funding for the 5th Celebrating Excellence Awards event on 28th April 2018. The event invites staff and members of the public to vote and 'celebrate excellence' in their local health service. The awards give recognition and appreciation for the hard-work, dedication and commitment of staff and volunteers who provide excellent NHS services. Award categories reflect the NHS Borders corporate objectives and values. The Trustees of the Endowment Fund received a full report, including recommendations of improvements for future events, at its meeting in June 2018. Of the 20% of attendees who completed an evaluation questionnaire 97% of the respondents rated the event as 'very good' or good'. The event was co funded by the Endowment Fund, corporate sponsorship and fundraising. The Trustees considered the proposals for the 2019 event at their meeting in January 2019.

Expenditure was incurred in the year totalling £37,245 relating to training and development opportunities for staff, from the Restricted Funds held by Wards and Services. Funding attendance at non mandatory training courses and conferences ensures staff receive support and encouragement, beyond core requirements, in continuing professional development and networking opportunities.

Fundraising Function

The Board of Trustees approve the annual Fundraising Plan committing the Fundraising Team resources against key objectives. The in year costs of £48,397 of the Fundraising Team were charged 50% across the individual restricted fund balances and 50% to the Trustees unrestricted fund. This agreement by the Trustees enables the full costs of the Fundraising Team to be covered on an annual basis. The accumulated costs totalling £106,243 arising from fundraising preparatory work on the Children and Young Peoples Centre will be considered following a decision on the future direction of the project. The accumulated costs are reported as a specific fund within the portfolio and are identified separately within note 11 of these accounts.

Palliative Fund (including the Margaret Kerr Unit) (2018/19 expenditure £246,632)

The Palliative Fund holds a balance of £1,318,776 as at 31<sup>st</sup> March 2019. The fund received a significant level of donations and legacies in year totalling £399,351 (2017/18: £595,147).

Work continued during 2018/19 on the future service model for Palliative Care within Borders, which is intended to encompass the Margaret Kerr Unit, more extensive hospital outreach and hands on community outreach nursing services to complement current primary care provision and palliative care Clinical Nurse Specialist advisory services. NHS Borders has continued to review aspects of the service model for Palliative Care as detailed in the Clinical Strategy. This work is ongoing. Following Health Board approval the Trustees will receive a business case proposing the use of Palliative Care charitable funds to support elements of the planned service model.

The Senior Clinical Team requested support from the Endowment Advisory Group (EAG) to pilot an alternative process entitled ReSPECT (Recommended Summary Plan for Emergency Care and Treatment) to discuss with patients and record recommendations about future emergency care and treatment, including CPR.

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**Fund Balances (continued)**

Palliative Fund (including the Margaret Kerr Unit) (2018/19 expenditure £246,632)

ReSPECT focuses on treatments which a patient does or does not wish. It encourages people to plan ahead for their care and treatment in a future emergency in which they are unable to make decisions.

The EAG supported the application which was subsequently approved by the Trustees in June 2018. The first phase of the project is planned in Palliative Care, the Acute Admissions Unit and Medical Admissions Unit within Borders General Hospital. The pilot will evidence whether ReSPECT can support continuing care in the patient's home and avoid hospital admission through emergency care planning with individual patients.

The Palliative Fund is supporting a number of posts linked to the redesign work and the introduction of the ReSPECT process. Details of these individual posts are given in Note 13 (page 38) of this report, a total of £130,109 was incurred in respect of these posts.

In addition the Nurse Consultant for the service continues to be supported in part by the Palliative Care Endowment Fund, at a cost of £34,177 in 2018/19. This post provides Patient Support and Information, Coordination of Care, Public Health and Health Promotion advice, and nursing Leadership. This role will also, along with medical input, support the development of the Borders Palliative Care Services Strategy in line with national drivers including, the Strategic Framework for Action on Palliative and End of Life Care, NHS Scotland Clinical Strategy and Realistic Medicine.

Automated Medicine Cabinets (Approved from Unrestricted Funds - £182,000)

Introduction of Automated Medicine cabinets within the Accident and Emergency and General Medical wards of Borders General Hospital was recommended to the Trustees by the Director of Nursing and Midwifery and the Director of Pharmacy of the Health Board. Benefits were identified in the proposal as medicines governance, security and efficiency. The project was supported for implementation by the Trustees. Infrastructure works have been progressing with the set up of the cabinets being taken forward with the ward and pharmacy teams as part of a phased implementation programme.

Adult Changing Facility (Approved from Unrestricted Funds - £50,000 estimated)

Support was given by the Trustees to the provision of an Adult Changing Facility to support disabled adolescents and adults who attend for healthcare or visit the main hospital site at Borders General Hospital. Feasibility work has been resourced in early 2019 with a view to delivering this project in 2019/20.

Resuscitation Quality Improvement Programme (Approved from Unrestricted Funds - £24,000)

The approved proposal requested financial support to fund the Resuscitation Quality Improvement (RQI) Programme for 250 Clinicians within the Board. The case reviewed by the Trustees described RQI as a ground-breaking, dynamic new approach to maintaining competence in skills pertaining to cardiopulmonary resuscitation (CPR). RQI uses realistic e-Simulation patient cases and a mobile skills station for quarterly psychomotor skills activities. RQI will enable staff to independently access resuscitation training within their workplace at a time that is suitable for them and their clinical area.

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**Fund Balances (continued)**

Advanced Life Support Equipment (Approved from Unrestricted Funds - £37,000)

Approval was given to enable additional equipment to be purchased which supports the training needs for staff in Advanced Life Support.

Healthcare Support Worker Training (Approved from Unrestricted Funds - £93,000)

A request to support training and backfill costs of a number of existing members of NHS Borders staff (Auxiliary Nurses) to gain Assistant Practitioner (Healthcare Support Worker) qualifications was proposed. It is anticipated through the development of the Band 2 and Band 3 workforce into Band 4 Assistant Practitioner roles will stabilise the nursing workforce, decrease the number of Band 5 gaps thus reducing the requirement for agency spend. The Assistant Practitioner would be able to take on some duties historically carried out by registered nurses. This will allow the change of skill mix within the clinical areas to happen.



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## **Investment Management and Performance**

In accordance with the NHS Borders Endowment Funds Written Investment Policy (WIP) the Trustees have the power to invest in such stocks, shares, investments and property in the UK as they see fit, after taking into account any ethical considerations. Investment of funds within the Endowment Portfolio are made on a socially responsible basis and the Endowment Funds specifically does not hold investments in organisations whose main activity is the manufacture or promotion of alcohol, gambling, tobacco or armaments. The Investment Policy also includes direction to the Investment Manager to seek investments which promote health and wellbeing activities where it is appropriate to do so.

The Investment Policy (WIP) is reviewed by the Trustees on an annual basis and during 2018/19 the review was completed in January 2019.

The Endowment Fund Investment Portfolio is managed by an independent Investment Advisor, Investec Wealth and Investment Ltd. The Endowment Fund Board of Trustees direct, as per the WIP, the Investment Advisor to adopt a medium risk investment strategy based on balancing income, capital growth and reasonable risk.

The current market value of the investment portfolio is noted as £4,245,750 at 31st March 2019 (£3,453,814 at 31<sup>st</sup> March 2018) with a further £635,703 held in cash (£64,809 at 31<sup>st</sup> March 2018). A total cash balance of £1,023,850 was transferred in February 2019, to the portfolio, for investment as appropriate, following approval by the Trustees of a revised Cash Management Policy for the funds.

During financial year 2018/19 Investment Income generated within the portfolio from Dividend Income and Bank Interest on the cash holding was £131,257 (2017/18: £120,769) which is equivalent to an overall income return on capital employed of 3.4% (2017/18: 3.45%). Investment Portfolio management fees for 2018/19 were £10,750 (2017/18: £10,935) in line with the contracted fee level of 0.30%. The Trustees receive a quarterly report from the Investment Advisor. The March 2019 report noted that the current positioning of the Endowment Fund portfolio is highly diversified across countries, asset classes and sectors in order to help mitigate against the risk to Markets of future political and economic changes. The report also noted the three year position on the portfolio growth at 27.48%, net of management fees, which compares to the adopted benchmark increase of 29.84%.

The Board of Trustees utilise the Investment Income generated by the portfolio to support NHS Borders in the delivery of specific projects which meet the Charities purpose.

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## **Risk Management**

The Endowment Fund operates within a governance framework which consists of three documents:

- Borders Health Board Endowment Fund Charter
- Borders Health Board Guidance for Officers in the use of Endowment Funds
- Borders Health Board Financial Operating Procedure for Endowment Funds

Adherence to the governance framework ensures the Endowment Fund complies with Charities legislation and guidance from the Office of the Scottish Charity Regulator (OSCR). These three key documents, in conjunction with NHS Borders Code of Corporate Governance, detail how decisions and approval is given regarding appropriate expenditure of the Endowment Fund.

The Board of Trustees have in place a Risk Management Policy and Risk Register for the NHS Borders Endowment Fund. The Board of Trustees review the Risk Management Policy and Risk Register on an annual basis, during 2018/19 the review was completed in January 2019.

### **Main Risks for the Charity**

The table overleaf has been compiled to detail the main risks included in the Charities Risk Register, against each risk is a summary of the mitigating actions in place and the target risk rating as agreed by the Trustees. The Charity currently records 3 Medium Risks and 4 Low risks on its Risk Register. The Charity does not hold any High Risks.

The Trustees recorded a new risk on the Fund Risk Register in 2018/19, entitled Use of NHS Scotland Endowment Funds, with a target risk rating of Medium. This risk is detailed in response to the adverse publicity and subsequent report issued from OSCR on the use of NHS Endowment Funds by NHS Tayside. The Trustees have taken a number of mitigating actions in relation to this risk. In April 2019 correspondence, from the Scottish Government Health Cabinet Secretary's office noted the establishment of a Project Group to review the governance of NHS Endowment Funds in Scotland. The appointed Chair of the Project Group has written to Boards to invite involvement in the Reference Group which will support the work of the Project Group. The Trustees are scheduled to discuss this recent announcement at their meeting in May 2019.

The Charity utilises the NHS in Scotland (NHSiS) Risk Matrix to provide risk rating for identified risks. The Risk Matrix calculates an overall risk rating based on a level of likelihood of occurrence of risk and the scale of impact of that risk if it occurs.

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**Main Risks for the Charity (continued)**

Risk Heading	Mitigating actions in place	Target Risk Rating
<p><b>Management and performance of the Investment Portfolio</b> Including poor performance, loss of income and loss in value of investments linked to volatility in the Financial Markets</p>	<p>Approved Investment Policy Professional Investment Advisor appointed. Regular reporting and information to the Trustees relating to the Investment Portfolio performance and trading activities. Investment Portfolio benchmark review.</p>	<p><b>MEDIUM</b></p>
<p><b>Financial Governance</b> Including inaccurate or erroneous reporting of the financial position of the Charity, inappropriate use of funds and over commitment of resources.</p>	<p>Endowment Fund Governance Framework in place and reviewed annually. Business Cycle to review and prioritise applications for funding including a review of available resources. External and Internal Audit review of Governance and Internal Control Frameworks. Specific Internal Audit in 2018 - Donations</p>	<p><b>MEDIUM</b></p>
<p><b>Fundraising</b> Including not maximising fundraising opportunities to support the charitable activities, non coordination of fundraising activities, and possibility of reputation damaging charitable activities.</p>	<p>Use of Fundraising database software to ensure satisfactory stewardship of funds and fundraising activities. Annual Fundraising Plan. Approved Fundraising Framework including partnership working and code of conduct for fundraisers. Business Case process for approval of Fundraising Appeals.</p>	<p><b>LOW</b></p>
<p><b>Compliance to Charities Legislation and Office of Scottish Charities Regulator Guidance</b></p>	<p>Endowment Fund Governance Framework in place and reviewed annually. External Auditor Annual Review and recommendations on compliance against Legislation and Recommended Practice.</p>	<p><b>LOW</b></p>
<p><b>Use of NHS Scotland Endowment Funds</b></p>	<p><u>NEW RISK - 2018/19</u> Internal Review by Borders Health Board Endowment Fund Trustees - June 2018 OSCR Review initial findings - September 2018 Health Cabinet Secretary, Scottish Government initiated a Project Group - April 2019.</p>	<p><b>MEDIUM</b></p>

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**Main Risks for the Charity (continued)**

Risk Heading	Mitigating actions in place	Target Risk Rating
<p><b>Fundraising Appeal – Borders MacMillan Centre</b> Including the potential impact on general donations due to the appeal. Ensuring management and coordination of the appeal. Achievement of successful partnership working with MacMillan Cancer Support. Delivery of project to achieve identified benefits.</p>	<p>Robust Business Case process. Fundraising Manager has been a member of the Project Team from the inception. Capital Planning Project Management support to coordinate the input to and requirements from key stakeholders. Formal Funding Agreement approved and in place with MacMillan Cancer Support.</p>	<p><b>LOW</b></p>
<p><b>Financial System Failure</b> The Endowment Funds are transacted to and reported from the NHS in Scotland's National Finance System.</p>	<p>Detailed National Business Continuity Plan. Detailed National Disaster Recovery Plan.</p>	<p><b>LOW</b></p>

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## **Reserves Policies**

### **Reserves Policy - Unrestricted Funds**

Funds which are not for a specific purpose are held as unrestricted. The Board of Trustees report a balance of unrestricted funds of £801,441 at 31st March 2019 (£772,828 at 31<sup>st</sup> March 2018). These funds are held to cover costs and agreed routine patient/staff expenditure and can be utilised to support funding applications which are in line with the Charity's purpose.

### **Reserves Policy – Restricted Funds**

Restricted funds comprise funds received by the Charity where conditions on their use have been imposed by the donor. Restricted funds transferred from the funds previously held by the Borders NHS Board under paragraph 26, Schedule 7A of the National Health Service (Scotland) Act 1978 are subject to the caveat set out in section 82(2B) of the Act. Similar principles apply to funds held by the Board under the 1972 NHS Act (Section 82(1) of the 1978 Act) however the intent of the original donation is followed as far as possible and as such these funds are treated as specific in nature. Where clinical or support services have been redesigned or are no longer provided any related funds are reviewed and re-designated where appropriate.

### **Designated Fund – Unrestricted Fund**

During 2015/16 the Board of Trustees agreed to designate £1,500,000 of unrestricted funds as a contribution to the Children and Young Person's Centre Project. The Trustees agreed the designated funding would be released to the Project following approval of a Full Business Case by the Board of Trustees and by NHS Borders Board. The planned Business Case for this project has not yet been finalised and the Designated Fund remains in place.

### **Designated Fund – Restricted Funds**

2 Designated Restricted Funds are held by the Charity. These funds can provide, if required, an underwrite to the two specific employment contracts issued by NHS Borders for staff within Borders Cancer Services (£28,000 – 1 year underwrite) and Palliative Care (£117,000 – 3 years underwrite). Charitable funds have been received from external organisations to fund these employment contracts during 2018/19.

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**Plans for Future Periods**

During early 2018/19 the Endowment Fund Trustees took forward appropriate actions locally in relation to areas identified in the use of NHS Endowment Funds by NHS Tayside. Borders Health Board Endowment Fund Trustees continue to apply the approved governance framework in the use of local funds, whilst remaining aware of the national media interest in NHS Charitable activities.

Further work to review the governance of NHS Endowment Funds in Scotland has recently been commissioned by the Scottish Government Cabinet Secretary for Health, NHS Health Boards in Scotland will act as the Reference Group for this work.

Continued work between the Charity and the Health Board's Senior Clinical and Managerial Teams as part of the agreed Business Cycle process ensures the aims of the Charity will be delivered by the use of available funds. This process will continue to be managed on behalf of the Trustees by the Endowment Advisory Group (EAG) with regular reports provided to the Trustees.

The Trustees will continue to develop and agree the Charity's annual fundraising plan including measureable objectives to ensure the fundraising team is directed to support the Charity to achieve the most significant benefit.

The Charity will continue to build on the work carried out this past year to build relationships with key partner charities and other organisations as well as to steward and support our donors and community fundraisers.

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## **Structure, Governance and Management**

### **Membership and Administrative Details:**

#### **Trustees**

NHS Borders is the common name of Borders Health Board. The Chair, Non-Executive Directors and Executive Directors of NHS Borders were appointed as Trustees ex officio of the Endowment Fund, under the terms of relevant National Health Service Regulations.

The Trustees for the year ended 31st March 2019 were as follows:-

Chair: Mr J Raine (to 31<sup>st</sup> March 2019)  
Mrs K Hamilton (from 1<sup>st</sup> April 2019)

Trustees Mr M Dickson  
Mrs K Hamilton (to 31<sup>st</sup> March 2019)  
Dr S Mather  
Mr J McLaren  
Cllr D Parker  
Mrs F Sandford  
Mr T Taylor  
Mrs A Wilson

Mrs J Davidson, Chief Executive (to 5th April 2019)  
Mr R Roberts, Chief Executive (from 22<sup>nd</sup> April 2019)  
Mrs C Gillie, Director of Finance, Estates and Procurement  
Dr T Patterson, Joint Director of Public Health  
Mrs C Pearce, Director of Nursing & Midwifery (to 11<sup>th</sup> Nov 2018)  
Mrs Nicola Berry, Director of Nursing & Midwifery (from 12<sup>th</sup> Nov 2018)  
Dr C Sharp, Medical Director

#### **Auditors**

The auditors for the year ended 31st March 2019 were:-

Geoghegans  
Chartered Accountants  
6 St. Colme Street, Edinburgh EH3 6AD

#### **Bankers**

The bankers for the year ended 31st March 2019 were:-

The Royal Bank of Scotland  
High Street, Melrose, Roxburghshire, TD6 9PF

#### **Investment Advisors**

The Investment Advisors for the year ended 31st March 2019 were:-

Investec Wealth & Investment Ltd  
Quartermile One 3<sup>rd</sup> Floor, 15 Lauriston Place, Edinburgh EH3 9EN

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**Structure, Governance and Management (continued)**

**Charitable Status**

HM Revenue and Customs has recognised the Borders Health Board Endowment Funds as a “charity” for the purposes of Section 521 to 536 Income Tax Act 2007. Under the Charities and Investment (Scotland) Act 2005, the entity is entitled to describe itself as a “Scottish Charity”. The Scottish Charity Number is SC008225.

**Trustees**

Under the National Health Service Trusts (Appointment of Trustees) (Scotland) (No. 2) order 1994, the chairman, non-executive directors and executive directors of the fund are appointed Trustees *ex officio*s for the purpose of holding any property which is to be held in trust on behalf of the fund under section 12G National Health Service (Scotland) Act 1978. Remuneration and expenses incurred by the Trustees are not charged against the Charitable Funds. The appointed Trustees work in an independent role governing the Charity.

**Induction and Training of New Trustees**

New Trustees are given a copy of all relevant policy documents listed below:-

- Borders Health Board Endowment Fund Charter
- Borders Health Board Guidance for Officers in the use of Endowment Funds
- Borders Health Board Financial Operating Procedure for Endowment Funds
- NHS Borders Code of Corporate Governance

In conjunction with the issue of the above documentation, Trustees are supported and advised by their colleagues and given advice by the Board’s Investment Advisors and Auditors on the management and accounting requirements of Endowment Funds.

**Operational Administration of Funds**

Day to day operational administration of the Endowment Funds has been delegated to the Deputy Director of Finance (Financial Accounting) for NHS Borders.

During the financial year 2018/19 the following framework was used for the overall administration of the Endowment Funds:-

- NHS Borders Endowment Fund Charter – details the structure and context within which NHS Borders is empowered to accept and manage charitable funds.
- NHS Borders Guidance to Officers in the use of Endowment Funds – exists to provide assistance to fund managers on appropriate use of charitable funds in accordance with charity legislation and within delegated limits in conjunction with NHS Borders Code of Corporate Governance.
- NHS Borders Financial Operating Procedure – this document details day to day procedure required by the organisation for staff operating within the charitable funds function.

The Endowment Fund Charter and supporting guidance documents were reviewed and approved for use by the Board of Trustees in January 2019.



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**Structure, Governance and Management (continued)**

**Board of Trustees 2018/19 meetings schedule**

The Board of Trustees met 5 times during 2018/19 on the following dates

- 15<sup>th</sup> May 2018
- 6<sup>th</sup> June 2018
- 14th June 2018 (Extraordinary meeting - Trustee Development)
- 24<sup>th</sup> September 2018
- 14th January 2019

The extraordinary Trustee Development meeting was convened to discuss Governance of the Board's Endowment Fund, the meeting was lead by Mrs Jane Ferguson, Foundation Director, Edinburgh & Lothian's Health Foundation.

**Delegated Sub Committee**

The Endowment Fund Board of Trustees is supported in its governance of the Endowment Fund by a delegated subcommittee entitled the Endowment Advisory Group (EAG).

- **Endowment Advisory Group**

The purpose of the EAG is to assist the Board of Trustees to meet its responsibilities under charity law in respect of the stewardship of the charitable funds under its control. The EAG has an approved Terms of Reference.

**Membership of the Endowment Advisory Group**

The EAG has the following membership

Chair	Director of Finance
Two Non Executive Members	Employee Director
Chief Executive	Deputy Director of Finance

The Investment Advisor is asked to attend meetings of the EAG as appropriate.

**Main Elements of the Remit of the Endowment Advisory Group:**

To prepare an annual budget for Unrestricted Funds based on recommendations of Director of Finance, for approval by the Board of Trustees;

To consider expenditure proposals for approval by the Board of Trustees;

To monitor income and expenditure against the budget approved by Board of Trustees and report thereon on an exception basis to the Board of Trustees;

Following each meeting of the EAG a Business Report is submitted to the next meeting of the Board of Trustees.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018-2019**  
**REPORT OF THE TRUSTEES**

**Structure, Governance and Management (continued)**

**Endowment Advisory Group 2018/19**

The Endowment Advisory Group met on the 3rd April 2018 to consider and make recommendation to the Board of Trustees on funding applications to the Unrestricted General Endowment Fund. The EAG reviewed 8 applications for funding, and agreed to make recommendation to the Trustees to support 5 of the projects from Unrestricted Funds, a further project was supported utilising monies held by the Palliative Fund (including the Margaret Kerr Unit). The recommendations from the EAG to the Board of Trustees were approved on 6<sup>th</sup> June 2018. Updates on the approved projects are given within this report.

Mr J McLaren is the Chair of the EAG.

**Related Parties**

Borders NHS Board is the corporate trustee of Borders Health Board Endowment Funds.

**Related Party Transactions**

A register of Related Party Transactions is maintained for the Endowment Fund Trustees. No transactions were recorded during 2018/19.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS  
ANNUAL ACCOUNTS 2018-2019  
REPORT OF THE TRUSTEES**

**Trustees' Responsibilities Statement**

The Trustees are responsible for preparing the Trustees' Annual Report and Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and the requirements of the National Health Service (Scotland) Act 1978 have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are required to act in accordance with the National Health Service (Scotland) Act 1978, within the framework of Trust law. The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charities website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from the legislation in other jurisdictions.

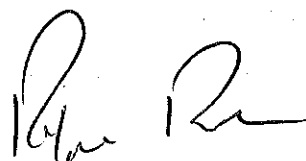
**Statement as to disclosure of information to Auditors**

In so far as the Trustees are aware, there is no relevant audit information of which the Charity's auditor is unaware, and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Signed on behalf of the Trustees**



Karen Hamilton  
Chair, Endowment Fund Board of Trustees  
Date 6 JUNE 2019



Ralph Roberts  
Endowment Fund Trustee  
Date 6 JUNE 2019

## **Borders Health Board Endowment Funds Independent Auditor's Report to the Trustees**

### **Opinion**

We have audited the financial statements of Borders Health Board Endowment Funds for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Borders Health Board Endowment Funds**  
**Independent Auditor's Report to the Trustees (continued)**

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Borders Health Board Endowment Funds**  
**Independent Auditor's Report to the Trustees (continued)**

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**Geoghegan**

**6 June 2019**

**Chartered Accounts and Statutory Auditor**

*Geoghegan is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

6 St Colme Street  
Edinburgh  
EH3 6AD

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**for the year ending 31st March 2019**

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2018/19 Total £	2017/18 Total £
<b>Income from:</b>						
Donations and Legacies	2	42,444	-	762,828	805,272	1,131,554
Investment income	4	127,393	-	3,864	131,257	120,769
Other Income	4	-	-	-	-	-
<b>Total Income</b>		<b>169,837</b>	<b>-</b>	<b>766,692</b>	<b>936,529</b>	<b>1,252,323</b>
<b>Expenditure on:</b>						
<b>Raising funds:</b>						
Press, Publicity & Fundraising		26,529	-	24,198	50,727	64,143
Investment management costs		10,750	-	-	10,750	10,935
<b>Charitable activities</b>						
Grant funded expenditure	5a	55,999	-	865,695	921,694	583,450
Support costs	5b	3,606	-	50	3,656	1,549
Governance costs	5b	6,525	-	-	6,525	5,343
<b>Total Expenditure</b>		<b>103,409</b>	<b>-</b>	<b>889,943</b>	<b>993,352</b>	<b>665,420</b>
<b>Net income/(expenditure) and net movement in funds before gains and losses on investments</b>						
		66,428	-	(123,251)	(56,823)	586,903
Net gains/(losses) on investments	6	143,306	-	-	143,306	(56,726)
<b>Net income/(expenditure)</b>		<b>209,734</b>	<b>-</b>	<b>(123,251)</b>	<b>86,483</b>	<b>530,177</b>
Transfers between funds	9	(181,121)	-	181,121	-	-
<b>Net movement in funds</b>		<b>28,613</b>	<b>-</b>	<b>57,870</b>	<b>86,483</b>	<b>530,177</b>
<b>Funds reconciliation</b>						
Total Funds brought forward		772,828	1,500,000	2,996,063	5,268,891	4,738,714
Total Funds carried forward	9,10	801,441	1,500,000	3,053,933	5,355,374	5,268,891

The Statement of Financial Activities includes all gains and losses recognised in the year and relate to continuing operations.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**BALANCE SHEET as at 31st March 2019**

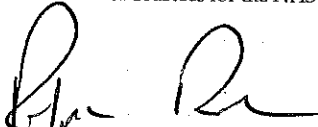
		31st March 2019		31st March 2018	
	Note	£	£	£	£
<b>Fixed Assets</b>					
Investments	6		4,245,750		3,453,814
<b>Total Fixed Assets</b>			4,245,750		3,453,814
<b>Current Assets</b>					
Debtors	7		57,129		25,551
Investment Dealing Account		635,703		64,809	
Cash at Bank		681,904		1,929,431	
Sub total Cash & Investment Dealing			1,317,607		1,994,240
<b>Total Current Assets</b>			1,374,736		2,019,791
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	8		(265,112)		(204,714)
<b>Net Current Assets</b>			1,109,624		1,815,077
<b>Total net Assets</b>			5,355,374		5,268,891
 <b>The Funds of NHS Borders Endowment Fund</b>					
<b>Restricted Income Funds</b>					
Restricted	9,10	2,908,933		2,851,063	
Designated	9,10	145,000		145,000	
<b>Sub total Restricted Funds</b>			3,053,933		2,996,063
<b>Unrestricted Income Funds</b>					
Unrestricted	9,10	801,441		772,828	
Designated	9,10	1,500,000		1,500,000	
<b>Sub total Unrestricted Funds</b>			2,301,441		2,272,828
<b>Total NHS Borders Endowment Funds</b>			5,355,374		5,268,891

These accounts were approved by the Trustees on 6th June 2019 and authorised for issue on 27th June 2019.

These accounts are signed on behalf of the Trustees by:



Mrs Karen Hamilton  
Chair of the Board of Trustees for the NHS Borders Endowment Fund



Mr Ralph Roberts  
Trustee of the NHS Borders Endowment Fund



**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**CASH FLOW**

		Year End 31st March 2019 £	Year End 31st March 2018 £
<b>Cash flow from operating activities:</b>			
Net cash (used in)/provided by operating activities	Note 16	<u>(159,260)</u>	<u>630,466</u>
<b>Cash flows from investing activities:</b>			
Dividends and interest		131,257	120,769
Proceeds on sale of investments		267,621	116,761
Purchases of investments		(916,251)	(74,026)
Net cash (used in)/provided by investing activities		<u>(517,373)</u>	<u>163,504</u>
Change in cash and cash equivalents in the reporting period		(676,633)	793,970
Cash and cash equivalents at the beginning of the reporting period		1,994,240	1,200,270
Cash and cash equivalents at the end of the reporting period		<u>1,317,607</u>	<u>1,994,240</u>
<b>Cash and cash equivalents comprise:</b>			
Investment dealing account		635,703	64,809
Cash at bank		<u>681,904</u>	<u>1,929,431</u>
		<u>1,317,607</u>	<u>1,994,240</u>

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Endowment Fund accounts.

**Basis of preparation and assessment of going concern**

The accounts have been prepared under the historic cost convention, with the exception of investments which are included at fair value. The accounts are presented in Sterling which is the functional currency of the charity and are rounded to the nearest £.

The accounts have been prepared in compliance with the National Health Service Scotland Act 1978, the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice : Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued on 16th July 2014 as read with the Update Bulletin entitled "Charities SORP FRS102 Update Bulletin" published 2nd February 2016, and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. With respect to the next reporting period, 2019/20, the most significant areas of uncertainty that affect the carrying value of investment assets held by the charity are the level of investment return and performance of the investment markets (see the investment policy and performance and risk management sections of the trustees' annual report for more information).

**Income**

All incoming resources are recognised once the charity has entitlement to the resources and it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability. All income received is credited to a specific fund following instructions given by the individual donating to, or fundraising for, the Charity.

Incoming resources are included gross of any tax recoverable amounts.

Income which has no restrictions attached by the donor is included in the General (Unrestricted) Fund.

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is to all intents and purposes probable; this will be once confirmation has been received from the representatives of the estate(s) that the payment of the legacy will be made once all conditions attached to the legacy have been satisfied and the Charity is assured that the amount of incoming resource is known.

Material legacies which have been notified, but which are not recognised in the Statement of Financial Activities due to uncertainty, are disclosed in the Contingent Assets Note 2c.

**Expenditure**

Resources expended are accounted for on an accruals basis, and in accordance with restrictions of funds.

Transfers between funds are actioned following appropriate authorisation from the Fund Manager initiating the transfer.

Resources are expended through NHS Borders exchequer funds with reimbursement being transacted to the Charity on a monthly basis.

Administration costs are based on 1% of the average fund balances over the accounting period charged against each individual fund. The charge for 2018/19 was £26,933 (2017/18: £24,182).

**Raising funds**

The cost of raising funds comprise those direct costs associated with raising funds and include fundraising costs and Investment Management fees when applicable. Fundraising costs are those incurred in seeking voluntary income and include direct costs such as publicity, marketing and consumables.

**Charitable activities**

Costs of charitable activities comprise all costs identified as wholly or mainly incurred in the pursuit of the charitable objectives. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to direct costs. The total costs of each category of charitable expenditure therefore includes support costs and the apportionment of overheads.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES (continued)**

**Governance and administration**

Governance costs comprise all costs identifiable as wholly or mainly attributable to ensuring the public accountability of the charity and its compliance with regulation and good practice. This would include costs related to statutory audit requirements.

Administration costs have been separately noted and apportioned to the relevant category.

**VAT**

Any irrecoverable VAT is charged to the statement of financial activities. Goods purchased that are to be used solely in medical research, diagnosis, training or treatment may be zero rated for VAT purposes when purchased wholly from charitable funds.

The charity is not separately registered for VAT. As permitted by HM Revenue & Customs (HMRC) under the NHS Contracted Out Services Regulations, VAT on relevant invoices paid from Endowment Funds is reclaimed using Borders Health Board's own VAT registration reference. Amounts reclaimed relevant to Endowment Funds are always credited back to the Charity.

**Pensions**

NHS Borders Endowment Funds has no directly paid employees and therefore has no pension contribution liability.

**Taxation**

NHS Borders Endowment Funds has been recognised as a charity by HMRC and accordingly is exempt from tax on surplus or gains arising in the year to the extent that they are applied to the charitable objects. No tax charge has arisen in the charity in the year.

**Investments**

The Investment Portfolio is managed by Investec Wealth & Investment Ltd in line with the agreed Investment Policy. All dividends and investment income received from the Investment Portfolio are held by the Trustees to enable the projects receiving Trustee approval to be funded.

Investments are stated at market value at the balance sheet date.

**Realised and unrealised gains and losses**

Investments are revalued on a quarterly basis and all gains and losses are taken to the Statement of Financial Activities as they arise. Any realised gains and losses on revaluation or disposal are combined in the Statement of Financial Activities. Realised gains and losses on investments are calculated as the difference between sales proceeds and the book cost, unrealised gains and losses are calculated as the difference between market value at the year end and the book cost.

**Debtors**

Debtors are amounts owed to the charity and are measured on the basis of their recoverable amount.

**Bank, cash and cash equivalents**

Cash at bank and in hand is held to meet the day-to-day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments, usually held in up to 90 day notice interest bearing savings accounts.

**Creditors**

Creditors are amounts owed by the charity and are measured on the basis of the expected amount required to settle the related obligation.

**Funds**

Unrestricted funds are those that may be used in accordance with the objectives of the charity. Designated funds set aside by Trustees for specific future projects. Restricted funds are those that can only be used for particular purposes, as specified by the donor.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS  
ANNUAL ACCOUNTS 2018/19  
NOTES TO THE ACCOUNTS**

**2. DONATIONS AND LEGACIES**

2018/19	Note	Unrestricted Funds £	Restricted Funds £	2018/19 Total £
Legacies	3a	31,600	228,125	259,725
Donations and gifts		8,220	214,633	222,853
Fundraising		2,624	320,070	322,694
<b>Total</b>		<b>42,444</b>	<b>762,828</b>	<b>805,272</b>

2017/18		Unrestricted Funds £	Restricted Funds £	2017/18 Total £
Legacies	3a	21,695	338,155	359,850 *
Donations and gifts		5,221	310,995	316,216
Fundraising		3,416	452,072	455,488
<b>Total</b>		<b>30,332</b>	<b>1,101,222</b>	<b>1,131,554</b>

\*The Legacy total has been restated for 2017/18 to include a Legacy which was detailed within Donations and Gifts as part of the 2017/18 Annual Report and Accounts.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**NOTES TO THE ACCOUNTS**

**3a LEGACIES**

The Board gratefully acknowledges the generosity of the people who have bequeathed funds to benefit patient and staff in the Borders:-

		2018/19	2017/18
		Total	Total
		£	£
Late R Humphrey	Palliative Fund	198,592	-
Late J & A Gilchrist	General - Unrestricted	31,600	-
Evelyn Sutherland Trust	Specialist Nurse - Cancer	29,533	27,670
Late Jean Anderson	Ophthalmology	-	21,695
Late Margaret Cockburn	General - Unrestricted	-	730
Late M Inglis	Palliative Fund	-	260,694
Late D Thomson	Palliative Fund	-	3,857
Late E Wright	Palliative Fund	-	45,204
		<b>259,725</b>	<b>359,850</b>

Legacies in both the current and prior year related to bequests to both Restricted and Unrestricted funds. \* This legacy was classified as a donation in 2017/18 and has been restated to Legacies in the 2018/19 Annual Report and Accounts.

**3b CONTINGENT ASSETS**

The Endowment Fund is recording two contingent assets for 2018/19.

The Charity has noted a contingent asset relating to a legacy in favour of Hawick Community Hospital. The contingent asset is held at an estimated level of £9k pending confirmation by the Solicitor advising on this legacy.

The second contingent asset relates to a legacy to the Borders Cancer Centre and is estimated to realise £32,500 following the sale of estate property.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**NOTES TO THE ACCOUNTS**

**4. INVESTMENT INCOME**

2018/19	Unrestricted Funds £	Restricted Funds £	2018/19 Total £
Bank interest	-	3,864	3,864
Investment dividends & interest	127,393	-	127,393
	<u>127,393</u>	<u>3,864</u>	<u>131,257</u>

2017/18	Unrestricted Funds £	Restricted Funds £	2017/18 Total £
Bank interest	-	1,188	1,188
Investment dividends & interest	119,581	-	119,581
	<u>119,581</u>	<u>1,188</u>	<u>120,769</u>

Bank interest has been allocated on a pro-rata basis across average fund balances on funds held during the year. Fixed asset investments have historically been classified as unrestricted in nature.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**NOTES TO THE ACCOUNTS**

5a CHARITABLE ACTIVITIES	Unrestricted	Restricted	2018/19
2018-19	Funds	Funds	Total
	£	£	£
Equipment, furniture & fittings	17,145	326,196	343,341
Staff Benefit	12,532	5,843	18,375
Patient Welfare	25,826	354,854	380,680
Training & Development	306	36,939	37,245
Ward Enhancement - Cancer Centre	-	120,123	120,123
Other	190	21,740	21,930
	<b>55,999</b>	<b>865,695</b>	<b>921,694</b>
2017-18	Unrestricted	Restricted	2017/18
	Funds	Funds	Total
	£	£	£
Equipment, furniture & fittings	37,769	146,616	184,385
Staff Welfare	11,362	6,250	17,612
Patient Welfare	3,562	218,593	222,155
Training	-	43,212	43,212
Ward Enhancement - Dementia	-	91,716	91,716
Other	-	24,370	24,370
	<b>52,693</b>	<b>530,757</b>	<b>583,450</b>

The charity did not undertake any direct charitable activities on its own account, its charitable expenditure being in the form of the provision of grant funding.

The charity does not make grants to individuals, all grants made to Borders Health Board are to provide care for NHS patients in furtherance of the charitable objectives.

A scheme of delegation is in place for charitable funds under which the individual designated fund managers operate in accordance with the charity's standing orders and financial instructions. Accordingly it is not possible to segment activities into discrete individual awards.

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**NOTES TO THE ACCOUNTS**

**5b. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS**

2018/19	Unrestricted Funds £	Restricted Funds £	2018/19 Total £
<b>Support Costs</b>			
Bank Charges	172	-	172
Just Giving Charges	561	50	611
Fundraising Database	2,873	-	2,873
	<u>3,606</u>	<u>50</u>	<u>3,656</u>
<b>Governance Costs</b>			
Auditors' Remuneration - Audit Fee	6,525	-	6,525
	<u>6,525</u>	<u>-</u>	<u>6,525</u>
2017/18	Unrestricted Funds £	Restricted Funds £	2017/18 Total £
<b>Support Costs</b>			
Bank Charges	125	-	125
Just Giving Charges	562	-	562
Fundraising Database	862	-	862
	<u>1,549</u>	<u>-</u>	<u>1,549</u>
<b>Governance Costs</b>			
Auditors' Remuneration - Audit Fee	5,343	-	5,343
	<u>5,343</u>	<u>-</u>	<u>5,343</u>



**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
**ANNUAL ACCOUNTS 2018/19**  
**NOTES TO THE ACCOUNTS**

**6. INVESTMENTS**

	2018/19	2017/18
	Total	Total
	£	£
Market value as at 1 April	3,453,814	3,553,275
Additions at cost	916,251	74,026
Disposals at value	(267,621)	(116,761)
Investment Revaluation	143,306	(56,726)
<b>Market value as at 31 March</b>	<b>4,245,750</b>	<b>3,453,814</b>
<b>Historic cost as at 31 March</b>	<b>3,268,893</b>	<b>2,504,369</b>

All investments are carried at their fair value.

The investments at 31st March can be analysed as follows:

	Wider Range			
	Market Value		Book Cost	
	2018/19	2017/18	2018/19	2017/18
	£	£	£	£
UK - Fixed Interest	722,939	515,815	687,279	490,623
Overseas Fixed Interest	90,409	38,402	93,358	85,767
UK Equities	1,310,039	987,518	847,613	552,171
European Equities	243,081	243,505	169,849	169,849
North American Equities	356,328	368,716	194,759	191,808
Japanese Equities	23,885	25,320	14,199	14,199
Far East & Australasian Equities	184,172	172,261	137,003	116,330
International Equities	462,462	431,344	304,798	304,798
Emerging Economies	135,947	95,254	137,209	95,472
Property	187,943	216,045	189,930	184,494
Alternative Assets	528,545	359,634	493,857	344,164
	<b>4,245,750</b>	<b>3,453,814</b>	<b>3,269,854</b>	<b>2,549,675</b>

The charity does not hold any material concentration of investments in respect of the portfolio held (i.e. over 5% of the portfolio valuation) at 31st March 2019 (2018: None).

The main form of financial risk facing the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities within particular sectors or subsectors.

The charity manages investment risks by retaining expert advisors and operating an investment policy which provides for a high degree of diversification of holdings within investment asset classes.

The charity does not make use of derivatives or similar complex financial instruments.

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**7. DEBTORS ANALYSIS**

	2018/19 Total £	2017/18 Total £
Gift aid	4,678	6
Legacies & Donations	24,641	7,296
Investment income	27,810	18,249
Other debtors	-	-
<b>Total Debtors</b>	<u>57,129</u>	<u>25,551</u>

**8. CREDITOR ANALYSIS**

	2018/19 Total £	2017/18 Total £
Other accruals	265,112	204,714
<b>Total Creditors</b>	<u>265,112</u>	<u>204,714</u>

**BORDERS HEALTH BOARD ENDOWMENT FUNDS**  
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9. ANALYSIS OF NET MOVEMENT IN FUNDS

	Note	Balance at 1st April 2018		Income	Expenditure	Transfers between funds	Unrealised gain/(loss) on investments	Net movement in funds	Balance at 31st March 2019
		£	£						
<b>Restricted Income Funds</b>									
Restricted	11	2,851,063		766,692	(889,943)	181,121	-	57,870	2,908,933
Designated		145,000		-	-	-	-	-	145,000
<b>Sub total Restricted Income Funds</b>		<b>2,996,063</b>		<b>766,692</b>	<b>(889,943)</b>	<b>181,121</b>		<b>57,870</b>	<b>3,053,933</b>
<b>Unrestricted Income Funds</b>									
Unrestricted		772,828		169,837	(103,409)	(181,121)	143,306	28,613	801,441
Designated		1,500,000		-	-	-	-	-	1,500,000
<b>Sub total Unrestricted Income Funds</b>		<b>2,272,828</b>		<b>169,837</b>	<b>(103,409)</b>	<b>(181,121)</b>	<b>143,306</b>	<b>28,613</b>	<b>2,301,441</b>
<b>Totals</b>		<b>5,268,891</b>		<b>936,529</b>	<b>(993,352)</b>	<b>-</b>	<b>143,306</b>	<b>86,483</b>	<b>5,355,374</b>

	Note	Balance at 1st April 2017		Income	Expenditure	Transfers between funds	Unrealised gain/(loss) on investments	Net movement in funds	Balance at 31st March 2018
		£	£						
<b>Restricted Income Funds</b>									
Restricted	11	2,312,341		1,102,410	(563,688)	-	-	538,722	2,851,063
Designated		145,000		-	-	-	-	-	145,000
<b>Sub total Restricted Income Funds</b>		<b>2,457,341</b>		<b>1,102,410</b>	<b>(563,688)</b>	<b>-</b>	<b>-</b>	<b>538,722</b>	<b>2,996,063</b>
<b>Unrestricted Income Funds</b>									
Unrestricted		781,373		149,913	(101,732)	-	(56,726)	(8,545)	772,828
Designated		1,500,000		-	-	-	-	-	1,500,000
<b>Sub total Unrestricted Income Funds</b>		<b>2,281,373</b>		<b>149,913</b>	<b>(101,732)</b>	<b>-</b>	<b>(56,726)</b>	<b>(8,545)</b>	<b>2,272,828</b>
<b>Totals</b>		<b>4,738,714</b>		<b>1,252,323</b>	<b>(665,420)</b>	<b>0</b>	<b>(56,726)</b>	<b>530,177</b>	<b>5,268,891</b>

The Restricted Funds include amounts set aside for use across clinical and non clinical services in the Scottish Borders region as specified by the donors.

The Restricted Designated Funds balance is held following approval by the Trustees and is in relation to an underwrite, if required, funding arrangements in place covering employment contracts issued by NHS Borders. Further details are provided in note 11 - Analysis of Specific Charitable Funds.

The Unrestricted Funds represent amounts set aside to ensure the continuing revenue operations and activities of the NHS Borders Endowment Fund, and have not been specified by donors.

The Unrestricted Designated Funds balance is held following approval by the Trustees to make contribution of £500,000 to the proposed Children & Young Peoples Centre. A further balance of up to £1,000,000 of designated funds is held as an underwrite to the Children & Young Peoples Centre project should these funds be required.

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10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2018/19 Total £
Balance as at 31 March 2019	801,441	1,500,000	3,053,933	5,355,374
Investments	4,245,750	1,500,000	-	5,745,750
Net Current Assets	(3,444,309)	-	3,053,933	(390,376)
	<u>801,441</u>	<u>1,500,000</u>	<u>3,053,933</u>	<u>5,355,374</u>

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	2017/18 Total £
Balance as at 31 March 2018	772,828	1,500,000	2,996,063	5,268,891
Investments	1,832,370	1,500,000	-	3,332,370
Net Current Assets	(1,059,542)	-	2,996,063	1,936,521
	<u>772,828</u>	<u>1,500,000</u>	<u>2,996,063</u>	<u>5,268,891</u>

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11. Analysis of Specific Charitable Funds

<u>Endowment Fund</u>	<u>Balance B/fwd</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>Balance as at</u>
	£	£	£	£	31.03.19
					£
<u>Specific Restricted Funds</u>					
Palliative Fund	1,178,062	399,351	246,632	(12,005)	1,318,776
Borders Macmillan Ext Project	357,597	64,787	112,976	(2,519)	306,889
Border Cancer Services	159,463	127,597	64,930	(1,497)	220,633
Ward 9 Orthopaedic	262,001	1,942	50,901	(2,322)	210,720
Haemodialysis Fund	107,775	6,920	22,241	(988)	91,466
Borders General Hospital General	30,506	2,314	320	(357)	32,143
Endoscopy Fund	31,035	318	4,128	(285)	26,940
Special Care Baby Unit	31,566	4,198	8,605	(285)	26,874
Oncology Fund	28,173	84	1,336	(278)	26,643
Ward 15/Special Care Baby Unit Development	24,488	35	243	(244)	24,036
Borders General Hospital Chaplaincy Centre	23,132	324	232	(233)	22,991
Cauldshields Ward	14,092	7,384	849	(162)	20,465
Staff Rest Room Fund	20,210	29	200	(202)	19,837
Nhs Borders Staff Lottery	17,453	2,121	188	(183)	19,203
Ward 11 Stroke Unit	14,572	3,381	160	(156)	17,637
Ward 15 (Childrens Ward)	22,640	2,039	7,136	(192)	17,351
Stroke Fund	10,806	7,148	534	(150)	17,270
Heart Fund	17,822	2,949	3,533	(171)	17,067
Ophthalmology	16,864	25	169	(168)	16,552
Haylodge General	10,025	5,358	7,518	7,855	15,720
Pharmacy Development General	17,438	23	1,658	(166)	15,637
Lung Fund	14,273	2,125	610	(154)	15,634
Speech & Language Therapy Fund	14,433	21	147	(144)	14,163
Poynder View	14,919	45	1,104	(143)	13,717
Mental Health General	13,131	133	210	(131)	12,923
Rheumatology General	12,718	18	126	(127)	12,483
Melburn Lodge	12,308	1,002	998	(114)	12,198
Wards 4/5/6 (Acute Medical)	13,732	3,328	5,833	(132)	11,095
Surgical Unit Staff -Wards 7 & 8	11,404	2,053	2,921	(101)	10,435
Finance and Governance	121,444	-	-	26,933	148,377
Fundraiser Costs	(106,243)	-	-	-	(106,243)
Other restricted funds	333,224	119,640	343,505	169,942	279,301
<u>Designated Restricted Funds</u>					
Palliative Care Nurse Consultant	117,000	-	-	-	117,000
Duchess of Sutherland Legacy	28,000	-	-	-	28,000
<b>Total Restricted Funds</b>	<b>2,996,063</b>	<b>766,690</b>	<b>889,943</b>	<b>181,122</b>	<b>3,053,931</b>

The specific fund balances as reported above detail closing balances of £10,000 above or below.

There are at present 195 individual Specific (Restricted) Funds where title of each fund is generally indicative of the particular speciality where the donor has expressed a wish as to how the donation should be used.

Typical uses relate to patient amenities/activities, equipment, training and research in line with the NHS Borders Endowment Policy.

There are 2 Designated Restricted Funds within the Endowment Portfolio which were created in 2016/17 following approval by the Board of Trustees, the funds are listed above. Both Designated Funds have been created to retain funds to underwrite, if required, funding arrangements in place covering the employment contracts issued by NHS Borders for the Palliative Care Nurse Consultant and the Evelyn Sutherland Nurse.

The NHS Borders General Endowments Fund (Unrestricted) exists for the Charity as a whole to hold donations where the donor has made the donation for the benefit of NHS Borders but has not specified how the funds are to be expended. The Trustees use advice given by the Endowment Advisory Group and Trustees' discussion in deciding collectively how to utilise the resources available.

The 1% administration charge made across individual Restricted Funds as agreed by the Board of Trustees is held within a Restricted Fund entitled - Finance and Governance.

**BORDERS HEALTH BOARD ENDOWMENT FUND**  
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11. Analysis of Specific Charitable Funds

<u>Endowment Fund</u>	<u>Balance</u>	<u>Income</u>	<u>Expenditure</u>	<u>Transfers</u>	<u>Balance as at</u>
	<u>B/fwd</u>				<u>31.03.18</u>
	£	£	£	£	£
<b>Specific Restricted Funds</b>					
Palliative Fund	835,335	595,147	173,407	(79,013)	1,178,062
Borders Macmillan Ext Project	-	229,261	98,934	227,270	357,597
Ward 9 Orthopaedic	282,519	125	17,818	(2,825)	262,001
Border Cancer Services	271,655	115,236	66,292	(161,136)	159,463
Haemodialysis Fund	118,707	2,977	12,769	(1,140)	107,775
Special Care Baby Unit	34,663	8,002	10,797	(302)	31,566
Endoscopy Fund	27,919	4,138	726	(296)	31,035
Bgh General	30,473	2,033	1,689	(311)	30,506
Oncology Fund	39,128	155	10,780	(330)	28,173
Ward 15/Special Care Baby Unit Development	25,020	11	293	(250)	24,488
Borders General Hospital Chaplaincy Centre	23,120	480	235	(233)	23,132
Mental Health Growing Project	2,646	20,879	234	(170)	23,121
Ward 15 (Childrens Ward)	14,128	18,037	9,383	(142)	22,640
Staff Rest Room Fund	20,612	9	205	(206)	20,210
Heart Fund	18,451	1,263	1,712	(180)	17,822
NHS Borders Staff Lottery	15,810	1,977	169	(165)	17,453
Intensive Therapy Unit	10,276	12,109	4,790	(148)	17,447
Pharmacy Development General	18,685	172	1,234	(185)	17,438
Ophthalmology	16,538	1,269	771	(172)	16,864
Poynder View	14,321	895	152	(145)	14,919
Ward 11 Stroke Unit	14,980	3,616	3,871	(153)	14,572
Speech & Language Therapy Fund	18,350	7	3,754	(170)	14,433
Lung Fund	22,511	995	9,059	(174)	14,273
Cauldshields Ward	13,992	1,154	1,054	-	14,092
Wards 4/5/6 (Acute Medical)	10,892	4,265	1,300	(125)	13,732
Mental Health General	13,368	30	133	(134)	13,131
Rheumatology General	11,478	1,485	129	(116)	12,718
Melburn Lodge	11,610	1,122	299	(125)	12,308
Knoll General	12,730	6,444	7,200	(103)	11,871
Surgical Unit Staff -Wards 7 & 8	7,520	4,095	116	(95)	11,404
Stroke Fund	25,063	6,133	20,167	(223)	10,806
Haylodge General	15,887	2,021	7,744	(139)	10,025
Finance and Governance	97,262	-	-	24,182	121,444
Fundraiser Costs	(105,961)	-	282	-	(106,243)
Other restricted funds	322,653	56,868	96,190	(2,546)	280,785
<b>Designated Restricted Funds</b>					
Palliative Care Nurse Consultant	117,000	-	-	-	117,000
Duchess of Sutherland Legacy	28,000	-	-	-	28,000
<b>Total Restricted Funds</b>	<b>2,457,341</b>	<b>1,102,410</b>	<b>563,688</b>	<b>-</b>	<b>2,996,063</b>

The specific fund balances as reported above detail closing balances of £10,000 above or below.

There are at present 192 individual Specific (Restricted) Funds where title of each fund is generally indicative of the particular speciality where the donor has expressed a wish as to how the donation should be used.

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The 1% administration charge made across individual Restricted Funds as agreed by the Board of Trustees is held within a Restricted Fund entitled - Finance and Governance.

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**12. Unrealised revaluation reserve**

The balance held within the Endowment Fund unrealised revaluation reserve as at 31st March 2019 was £976,857 (2017/18: £949,445). The increase to the reserve balance relates to the increase in the overall market value of the Endowment Fund Investment Portfolio during 2018/19.

**13. Staff Recharges**

The following staff, all of whom are employed by Borders Health Board, were recharged to the charity. The staff noted are the Charity's Fundraising Team and 11 members of staff seconded to the Endowment Fund.

	2018/19		2017/18	
	WTE	£	WTE	£
Fundraising Manager	1.0 (part year)	17,958	1.0	36,938
Fundraising Support Officer	1.0	30,439	1.0 (part year)	22,442
Evelyn Sutherland Nurse	0.6	29,533	0.6	27,711
Palliative Care Medical Consultant	Sessional	5,280	-	-
Palliative Care Nurse Consultant	0.6	34,177	0.6	32,129
Palliative Care Quality Improvement	1.0	42,186	1.0 (part year)	19,592
Palliative Care End of Life Facilitator	0.9	42,674	-	-
Palliative Care Psychologist	-	-	0.4 (part year)	2,576
Palliative Care Project Officer	1.5 (part year)	27,614	1.0	23,549
Palliative Care Healthcare Support	0.7 (part year)	12,355	-	-
Volunteer Coordinator	0.8	22,680	-	-
<b>Total Staff Recharge</b>		<b>264,896</b>		<b>164,937</b>

**14. Employee emoluments**

As noted above NHS Borders Endowment Fund has no employees. Consequently no employee had emoluments in excess of £60,000 in either the current or prior years. However the Trustees may accept seconded staff to fulfil the Charities' requirements with respective reimbursement being made to NHS Borders for the related seconded staff's expense. Secondment charges made during the current and prior year are disclosed in Note 13 above.

**15. Controlling Party & Related Party Transactions**

Borders NHS Board are the corporate trustee of the NHS Borders Endowment Fund and by virtue of appointment to the Board the members are Trustees of the Endowment Fund. During 2018/19, £22 of donations were recorded from the Trustees (2017/18: £100). There are no transactions with the Trustees or their related organisations during the year other than NHS Borders Board. All of the charity's transactions are related to Borders Health Board.

**16. Reconciliation of net movement in funds to net cash flow from operating activities**

	2018/19	2017/18
	£	£
Net movement in funds	86,483	530,177
Investment income receivable	(131,257)	(120,769)
(Increase) in debtors	(31,578)	(5,598)
Increase in creditors	60,398	169,930
Unrealised (gains)/losses on investments	(143,306)	56,726
<b>Net cash (used in)/provided by operating activities</b>	<b>(159,260)</b>	<b>630,466</b>

