

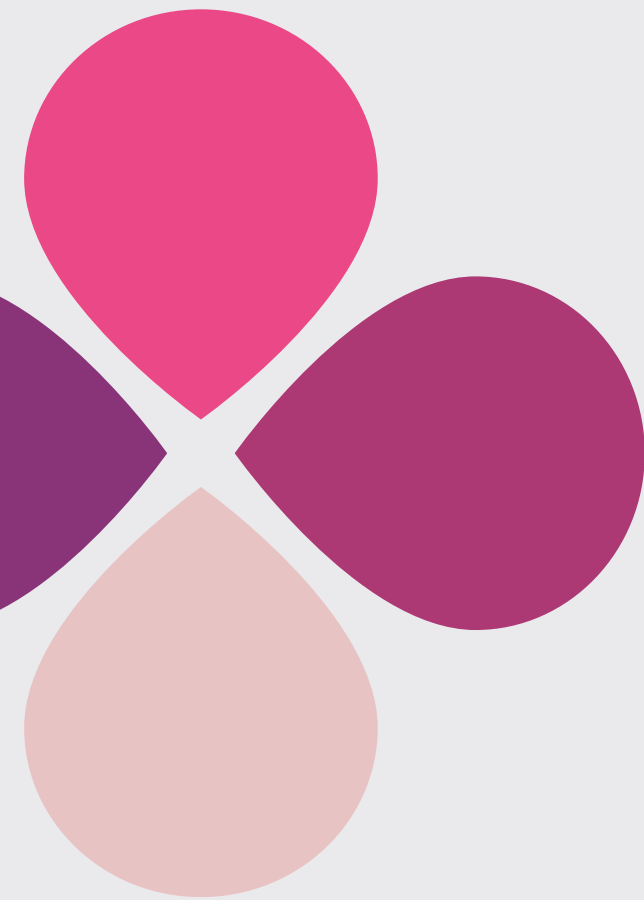


Edinburgh & Lothians  
Health Foundation



**Annual Report  
and Accounts**  
2018/2019

Scottish Registered Charity  
Number SC007342



**TRUSTEES' REPORT**

STRATEGIC REPORT.....	05
ACHIEVEMENTS DURING 2018/2019.....	06
STRATEGIC DEVELOPMENT .....	09
STANDING GRANTS .....	14
OTHER GRANTS PROGRAMME .....	16
SPECIFIC FUNDS .....	18
OUR PLANS FOR 2019/20.....	20
FINANCIAL REVIEW .....	22
PRINCIPAL RISKS AND THEIR MANAGEMENT .....	24
STRUCTURE, GOVERNANCE AND MANAGEMENT .....	26
<b>AUDITOR'S REPORT AND FINANCIAL STATEMENTS</b>	
INDEPENDENT AUDITOR'S REPORT.....	30
FINANCIAL STATEMENTS .....	32
NOTES TO THE ACCOUNTS .....	35



# Longer lives, better lived.

We invest in projects which promote better physical and mental health and wellbeing for the people of Edinburgh and the Lothians.

We work in strategic partnership with NHS Lothian and other partners who share our vision and values to make a difference to people's health and wellbeing on a local, regional and national level.

We use our resources to enhance NHS provision, but not substitute it.

## ACTIVITIES

### We fund projects which are designed to:

- Improve the patient and carer experience
- Improve the health and wellbeing of the local community
- Reduce health inequalities
- Support Lothian as an academic Centre of Excellence
- Enhance NHS staff skills and performance
- Use the arts, volunteering and green space as a means to improve health
- Support the integration of health and social care systems

## VALUES

### Above-and-beyond:

We always provide additionality

### Quality:

We strive for excellence in all we do

### Inclusive:

We are committed to better health for all, and we will challenge health inequality

### Independence:

We demonstrate independence in how we think and act

### Transparency:

We act with transparency, accountability and integrity

### Impactful:

We strive for measurable quality outcomes

### Influential:

We will use our influence to leverage wider support, innovation and sustainability.



A photograph of a woman wearing a white straw hat, sunglasses, and a white short-sleeved shirt with a small black dot pattern. She is leaning over a row of tomato plants in a greenhouse. The plants are supported by stakes and have several green tomatoes. In the foreground, there are green plastic pots and a green watering can. A large, semi-transparent purple circle is overlaid on the center of the image, containing the text 'Trustees' Report' in white.

# Trustees' Report





STRATEGIC REPORT

# Achievements and Performance

In 2018/19, we continued to support the promotion of better health and wellbeing across Edinburgh and the Lothians through our grantmaking and investments, working with NHS Lothian and other partners. During the year we committed £5.332m in charitable expenditure (£14.201m in 2017/18). In line with our strategy we awarded grants to our strategic priorities including:



to improve the patient and carer experience across NHS Lothian through **Enhanced Patient Wi-Fi**



to continue our commitment to **Arts in Health and Wellbeing**



to implement the brand new **'Volunteering Well'** strategy



to launch the innovative new **GreenSpace and Health Strategic Framework**



embedding the **Care Assurance Standards** in nursing care in Care of the Elderly Community Hospitals across Lothian



to an environment improvement programme for the **Jardine Clinic**



using donations and restricted funds as directed by donors to support specific clinical, service and research areas.



Over the following pages, we report in more detail our commitment to Strategic Development, Standing Grants, Other Grant Programmes and Specific Funds.



# Achievements during 2018/19

## STRATEGIC AIM 1:

To develop our grantmaking and arts programming to support the improvement of the physical and mental health and wellbeing of the people of Edinburgh and the Lothians.

### What we achieved

- Launched 'Volunteering Well', NHS Lothian's transformational new strategy, including Scotland's first NHS Youth Volunteer Service Manager, thanks to the partnership support of the Pears Foundation in association with #iWill.
- Invested in a GreenSpace and Health Strategic Framework, for Lothian's 'natural health service'. The public launch is planned for summer 2019.
- Awarded an art gallery management contract for spaces across NHS Lothian sites. One exhibition celebrated the donated art as part of the Western General 150<sup>th</sup> anniversary
- Awarded 81 Small Grants to a total of £174,195 for projects which improve the experience for patients of NHS Lothian.
- Rolled out the Hardship Grant scheme across NHS Lothian as a discreet programme to support patients in acute financial hardship.

## STRATEGIC AIM 2:

In particular through our Specific Funds, to target transformative support at NHS Lothian, making a tangible difference to service users, patients, their carers and staff.

### What we achieved

- Identified 22 funds to establish potential bursaries to offer staff opportunities to learn and grow. The Lyda Henderson Travelling Fellowship granted two awards during the year, and a public lecture followed in April 2019.
- Reduced the number of Specific and Ward funds to 523 (from a peak of >800) through merger and closure, including gaining OSCR Restricted Fund Reorganisation consent to remove three fund restrictions.
- Continued to support Specific Fund stewards of the larger funds to develop a more proactive use of donated funds.
- Approved 48 grants above £5k to a total of £1.441m through the Specific Funds towards charitable projects within NHS Lothian, improving the patient experience, investing in new technologies and innovation, supporting the education and development of staff and supporting clinical research.

## STRATEGIC AIM 3:

To grow the Foundation and use all its resources to maximum effect

### What we achieved

- Progressed the sale of the Trustee-held property portfolio at Sciennes. An agreed equalisation formula will determine the final receipt after meeting conditional missives, and disposal costs not yet known, and payment in lieu of dilapidations.
- Approved a new branding system and fundraising resource strategy for the Edinburgh Cancer Centre.
- Appointed a Head of Fundraising to build and lead a professional team and increase donor engagement and support, and strategically lead a comprehensive fundraising campaign for the Edinburgh Cancer Centre.
- Managed the investment portfolio effectively, generating a return which is ahead of the cumulative benchmark by +6.4%
- Invested £5m from the main portfolio in a Charity Responsible Multi-Asset Fund, building on Trustees' position as a responsible and ethical investor.



#### **STRATEGIC AIM 4:**

To develop the Foundation as a well governed, well managed organisation.

#### **What we achieved**

- Directed an internal audit to review Trustee governance, which indicated strong a governance framework and a positive culture.
- Inducted three new Trustees as they joined Lothian Health Board, and appointed a new Vice Chair and four new non-Trustee members of the Charitable Funds Committee.
- Approved an updated Scheme of Delegation and Delegated Expenditure limits
- Civil Society Trustee Training Seminars (x3), GDPR for Charities , Cazenove Annual Investment Seminar, Scott-Moncrieff Charity insights, Ethical Finance 2018 conference, Turcan Connell Evidencing Good Governance. Also conducted Trustee training (x1) for other NHS Endowment Trustees

#### **STRATEGIC AIM 5:**

To cultivate the Foundation as a more visible, accessible organisation.

#### **What we achieved**

- Launched a new logo and branding system for the Foundation as a whole and the family of funds and activities.
- Updated our website with the new branding identity, and added key governance documents (including Trustee Conflict of Interest policy and Risk Management Policy) to enhance transparency.
- Increased our online presence with the addition of social media channels including Twitter, in order to highlight grants, activities and fundraising.
- Contributed to the reference group for OSCR's Charity Investments: Guidance and Good Practice, and participated in the Review of the Charities and Trustee Investment (Scotland) Act 2005.
- Hosted Braemar Hospital Charity (New Zealand) and Chelsea and Westminster Hospital Charity visits to Edinburgh as part of their own internal strategic reviews.







# Strategic development

In the second year of our Grantmaking Strategy 2017-2022, we have started to see some early benefits to a more strategic approach to thematic grantmaking and activities. During 2018-19 Trustees approved the Volunteering Well Strategy, and the GreenSpace and Health Strategic Framework, following last year's agreement to invest in those themes under our vision of **longer lives, better lived**.

**The strategic themes of our work 2017-2022 are:**



**During 2018/19 we:**

- Continued to deliver a comprehensive Arts in Health Strategy, including our art collection and galleries, participatory and live performance, and Art and Therapeutic Design (ATD) Programmes in capital builds.
- Endorsed the strategy "Volunteering Well" to achieve the NHS Lothian Volunteer Vision of enhancing the experience of people using NHS services, benefit those participating in volunteering activities and have an impact on the wider community.
- Approved the GreenSpace and Health Strategic Framework recognising the role and importance of green space – 'our natural health service' – and therapeutic interventions in green space on our health and wellbeing.
- Awarded two matched R&D grants of £100k each (£50k from General, £50k from Specific Funds) to support R&D Infrastructure programmes to improve patient outcomes.



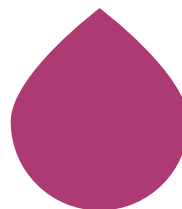
## Arts in Health and Wellbeing

**NHS Lothian leads the way in Arts in Health and Wellbeing in Scotland, thanks to our investment, through the delivery of a comprehensive Arts in Health Strategy.**

During 2018/19 we have successfully concluded a number of major commissions of Art and Therapeutic Design in capital builds, in line with the strategic aim of enhancing the visitor experience. In addition we continue to consolidate our work within healthcare settings and in collaboration with NHS staff and patients, through the display of our high quality art collection and participatory activities and live performances, to improve the health, wellbeing and patient experience across Lothian.

During the year we have:

- Curated the ART DONOR exhibition, a display of historic gifted works as part of the Western General Hospital's GH 150th anniversary celebration (December 2018 – June 2019). The Galleries Programme will develop in the coming years to include innovative curated exhibitions in partnership with local communities and cultural organisations.
- Working with the Royal Scottish Academy to deliver a continued "Art on Request" service; conserving, curating and hanging a range of collection works across the service, as well as upholding a collection management policy to ensure high quality programming throughout hospital sites.
- Funded Music in Hospitals and Care to develop ICU Hear, using live music to create a soothing and calming soundscape in the Intensive Care and High Dependency Units at the Royal Infirmary of Edinburgh. MiHC also presented 228 live music concerts across NHS Lothian sites, engaging with an audience of over 2,500.
- Funded Artlink Edinburgh and the Lothians to deliver a diverse range of 608 participatory creative workshops and events across major sites, engaging over 5,800 patients and staff.
- Finalised the art and design commissions across the Royal Hospital for Children and Young People and Department of Clinical Neuroscience at Little France (due to open late summer 2019) and Royal Edinburgh Hospital Phase I, including the installation of ceramicist Frances Priest's Tiled Corridor installation at the Royal Edinburgh Building.
- Installed a 3m tall tapestry at the Allermuir Health Centre, the last of three community health centre capital builds which have included artist-led community participatory commissions. The Allermuir Tapestry was designed by Andrew Crummy, the Craigmillar-born artist behind the Great Tapestry of Scotland.





## GreenSpace and Health

### **Trustees, NHS Lothian and greenspace scotland published Scotland's first health board-led GreenSpace and Health Strategic Framework 2018 – 2022.**

Green space is often described as 'our natural health service', with a growing body of research evidence showing its positive benefits for physical and mental health and wellbeing.

The Edinburgh and Lothians GreenSpace and Health Strategic Framework aims to fully realise the potential of the NHS Outdoor Estate and community green spaces as a community health asset benefiting patients, hospital visitors, health service staff and communities. The framework covers a range of Green Health activities including community and therapeutic gardening, health walks, and green prescriptions, as well as greening the NHS outdoor estate and encouraging access to green space close to where people live.

The appointment of a Programme Manager and creation of a Greenhealth Advisory Group will support the delivery of a programme with clear priorities for action; a series of grants to Cyrenians, The Conservation Volunteers and Edinburgh and Lothians Greenspace Trust will support those early actions on new green prescribing schemes, the development of community gardens and active green travel routes.







## Volunteering Well

**Trustees and NHS Lothian approved and published Volunteering Well 2017-2022, underpinned by £250k annual investment, which will ensure NHS Lothian can extend more opportunities to a wider volunteer population and will become a hub for individuals seeking to invest time, talent and commitment for the benefit of the local health economy.**

The strategy will help us become an exemplar of best practice in Scotland in the management of volunteers, delivering a personally rewarding experience for every volunteer in tune with their personal goals.

This strategy represents a step change in how we recruit and manage volunteers; adopt fresh approaches to branding, technology, role design, staff and community engagement and communications. This means that volunteer activity is targeted, scalable and sustainable for the long-term. The visibility and leadership of volunteering will be enhanced with specific roles developed to deliver partnership with specialist voluntary organisations and the youth volunteering programme.

### **NHS Lothian Volunteer Vision**

Volunteers will enhance the experiences of people using the services of NHS Lothian, and their unique perspectives of healthcare will help shape the care provided.

Volunteers will have a personally rewarding experience and know that their contribution is valued and has made a difference.

Our approach to volunteering will strengthen our contribution to the life of our local community.

Funding provided by the Pears Foundation in association with #iWill will help us achieve our aspiration of a bespoke Young Volunteers Programme as an integral and embedded part of the overarching strategy, shaped and articulated by internal stakeholders, external partners and young people.

Four new funded posts were appointed to in 2018/19, including the Head of Volunteering, Youth Volunteer Programme Manager, and Third Sector Partnerships Manager.





## R&D Transformation Fund

**Following a pilot in 2017/18, we invested in two areas of clinical research – cancer and cardiology – to support research and development infrastructure and improve patient outcomes, to help take discoveries from bench-to-bedside at speed.**

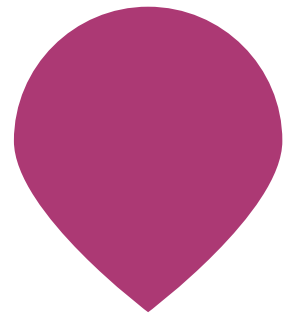
Trustees recognise the need to support the infrastructure of clinical research, and offered an enabling fund, with the plan to:

- Increase the capacity of clinical research teams
- Support the next generation of clinical researchers
- Increase the number of clinical trials being supported
- Recruit more patients to those trials

In 2018/19, the R&D Transformation Fund matched a £50k grant from the General Fund with a similar sum from the Edinburgh Cancer Centre Research Fund (as a second year of support), and commenced a second programme cohort for cardiology, matching a £50k General Fund grant with £50k from the Mackenzie Cardiac Research Fund.

Going forward, the plan is to prioritise some of Lothian's biggest and most complex health challenges, as set out within NHS Lothian's strategy for Research, Development and Innovation. Focusing in particular on areas which would improve the lives of patients with multimorbidity, frailty, chronic disease, obesity, plus care homes and mental health.

Lothian's strategy for innovation is to scope innovation challenges; the R&D transformation fund may support the early development of innovation projects, providing project management, acquiring pilot data and proof of concept.





## Standing grants

Trustees support a small number of discrete but no less valuable programmes through regular standing grants, reviewed annually. These grants achieve wide and positive impact in supporting staff development and one-off charitable projects, or providing added-benefit to specific vulnerable groups.

### During 2018/19 we:

- Supported the Chief Executive's Fund, a discretionary fund which can be directed to projects across a wide range of health-improving projects.
- Granted £50,000 to support the Lothian & Edinburgh Abstinence Programme (LEAP) Family Programme, supporting the families of LEAP patients across Lothian.
- Awarded £10,000 for 'The Elsie's', a grant scheme dedicated to staff development, in honour of Edinburgh doctor and suffragist Dr Elsie Inglis.
- Underwrote costs up to £25,000 for Celebrating Success, NHS Lothian's annual awards night to recognise the achievements and commitment of staff and volunteers.

*Left to right: Nurse of the Year Award, Staff Member of the Year, Respect for Others (Winner), Voluntary Service Award.*





***The LEAP Family Programme has made a huge impact on my life and on the lives of many others. Thanks to the help and support I have received I am now the best version of myself that I have ever been. The advice, wisdom and compassion I have been shown will be with me always.***

LEAP Family Programme Member

#### **ELSIE INGLIS AWARDS**

31 'Elsies' were approved during the year, from this hugely popular programme which supports staff development and training. One grant recipient, a Practice Education Facilitator based at St John's Hospital received funding to complete a module in Practice Development for Person-Centred Cultures at Queen Margaret University. As well as having an improved understanding of how culture impacts person-centred care, the awardee has been inspired and motivated to consider further study.

#### **CHIEF EXECUTIVE'S FUND**

This year we sponsored *Feel Good Science*, part of the Midlothian Science Festival 2018. Our £5,000 grant supported a Musical Memories drop in, Silent Disco for young people, the Feel Good Science Gala Day and Colour Run, and the Happiness in Everyday Life talk. We also granted £5,000 to NHS Lothian to establish a number of Patient Involvement Groups to improve patient engagement and enable co-design of patient services. The first of these, to support the Bowel Screening Service, met for the first time in April 2019.

#### **CELEBRATING SUCCESS**

We once again supported NHS Lothian's Celebrating Success awards event, a chance to recognise members of staff who regularly go above and beyond the call of duty. Nominations are invited from staff and patients across ten categories, and we thank all the finalists and winners for the hard work, care and dedication shown.

#### **LOTHIAN AND EDINBURGH ABSTINENCE PROGRAMME (LEAP)**

Scottish Government's new drug and alcohol treatment strategy, *'Rights, Respect and Recovery'* emphasises the importance of addressing the needs of families affected by addiction endorsing the approach the LEAP Family Programme is taking as pioneers in family support. Dr David McCartney, Clinical Lead for LEAP is on the Government's Partnership for Action on Drugs in Scotland executive group, which contributed to the shaping of the strategy.



# Other grants programmes

## Small Grants and Hardship Fund

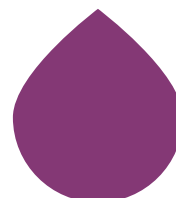
The Small Grants Programme is popular with staff in both acute and community settings, and continues to enable staff to deliver a wide range of projects with clear patient benefit. The programme was established to offer support to those areas which do not receive donated funds.

This year's projects include a Dementia Café at Maple Villa; support for the Spittal Street Centre to run a series of events during Recovery Month; putting Boardmaker (SLT) software in all West and Midlothian libraries (East Lothian provided during 17/18); a cycling programme (training and bike maintenance) for the patients of the Orchard Clinic; and purchase of advanced dopplex machines in two Edinburgh GP practices.

The Hardship Fund continues to be available as a discreet scheme to provide financial support for patients and their carers suffering acute financial distress as a result of their illness and admission. Eleven such grants were awarded during 2018/19.

## Older People in Community Hospitals

The imminent closure of the Liberton Hospital offered Trustees an opportunity of using a historic endowment fund to support the continued care of that patient group. The following two capital projects were approved during 2018/19 to improve the patient experience:





## Jardine Clinic

The first and second floors of the Jardine Clinic on the Royal Edinburgh Hospital Campus are being redeveloped to accommodate the former inpatients and the Integrated Older People's Services of the Liberton Hospital.

A £250,000 commitment towards a discrete programme of enhancements will help to improve the physical and mental wellbeing of patients, staff and visitors by providing an enabling environment which recognises that for older adults, admission to hospital can be overwhelming, disorientating and increase levels of anxiety. The project team identified a number of projects to improve the patient environment including:

- A discrete **Art and Therapeutic Design Programme**, including artwork and dementia-friendly design in a family visiting room, shared bedroom areas, decorative sound acoustic panels, and enhanced wayfinding and signage.
- A shared **Occupational Therapy Activities of Daily Living (ADL) Suite**, designed to resemble a home setting to enable therapists to assess patients and determine their ability to live independently.
- Landscaping a fully accessible **Sensory Garden**, including a seating area and fragrant planting with all-season interest, which will be in line with the Trustees' GreenSpace and Health Strategic Framework.

## Community Care Assurance Standards

This project will establish a Quality Improvement (QI) methodology in 31 community hospital wards across NHS Lothian in order to improve the quality of care and the experience of patients and their families. Ward teams will be supported by a dedicated group of skilled nurses and specialists to implement the programme, and will have opportunities for education and development with a focus on future leadership skills. The project will place an emphasis on monitoring patient outcomes, sharing best practice and celebrating achievements.



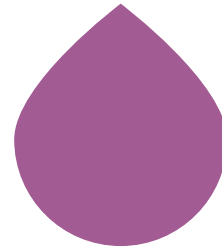
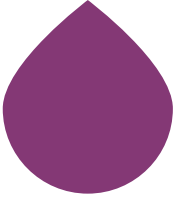


# Specific Funds

Most of our generous supporters direct their donations, fundraising proceeds and legacies towards our Specific Funds, which are held for purposes relating to NHS Lothian clinical departments, wards and areas of clinical research.

Each fund is overseen by a Steward, who directs any expenditure towards that fund's discrete purposes (such as the purchase of equipment, patient amenities, refurbishment or staff development), but which all relate to improving the patient and carer experience. During 2018/19, £3.463m was received to the ward and specific funds in voluntary and investment income (2017/18: £13.435m), and a total of £3.190m was spent on charitable purposes (2017/18: £12.539m)

- St John's Hospital has a highly regarded complementary therapy service supporting oncology, breast and palliative care patients. £140,390 was invested from the Chemotherapy, West Lothian Palliative Care and Breast Cancer Funds to maintain this service, providing patients with emotional support strategies and relief from anxiety, breathlessness, nausea and pain.
- £9,910 from the Geriatric Respite Services Fund has enabled the clinical and nursing teams of the Care of the Elderly Respite Programme to purchase five large LED screen 'virtual' aquariums. Staff identified that for those patients with dementia or in distress, or for those finding it difficult to participate in other social activities, an underwater feature with tropical fish might provide a soothing distraction.
- Dialysis of the blood relies on being able to access the patient's veins and arteries. Vascular access requires imaging for appropriate pre-operative planning and for observation once created, previously only available at the Royal Infirmary through fixed ultrasound scanning equipment. A grant of £22,800 has enabled the Renal Dialysis Unit to purchase two portable scanners, which for patients outside Edinburgh City means will now mean less travel and inconvenience, bringing a considerable positive impact to those patients.



- In the final stages of design and fit-out of the new Royal Hospital for Children and Young People, it was recognised that the eight discreet Breastfeeding Rooms had not been included in the broader Art and Therapeutic Design programme and as a result were plain and clinical in feel. Funding of just £20,000 from the RHSC General Purpose Site Fund has enabled the project team to upgrade these rooms to match the standard of other parent and carer spaces, making them feel warm, homely and welcoming.
- A grant of £27,510 from the Rheumatic Diseases Unit Fund funded the development of a GoutSMART app, collaboration between the MC Institute of Genetics and Molecular Medicine, EPCC and the Lothian Gout Patient Advisory Group. GoutSMART uses finger prick urate meters combined with a Smartphone app and linked web portal to facilitate direct management of an individual's gout.





# Our plans for 2019/20

## STRATEGIC AIM 1:

To develop our grantmaking and arts programming to support the improvement of the physical and mental health and wellbeing of the people of Edinburgh and the Lothians.

- We will support the implementation of NHS Lothian's Volunteering Well strategy, in particular ensuring the successful delivery of the Pears Foundation-funded Youth Volunteer Service Programme.
- We will appoint a Green Health Project Manager and Green Health Advisory Group to implement the GreenSpace and Health Strategic Framework, following its launch in the summer of 2019.
- We will provide expert resource to the development of discrete ATD (Art and Therapeutic Design) Programmes across Lothian, including Jardine Clinic, Haematology at the Western General and others.
- We will continue to promote our Small Grants programme, offering funding to projects which have a clear benefit to patients of NHS Lothian.
- We will deliver Year 3 of the Capital Grants programme, an open call for projects at the Royal Infirmary of Edinburgh.

## STRATEGIC AIM 2:

In particular through our Specific Funds, to target transformative support at NHS Lothian, making a tangible difference to service users, patients, their carers and staff.

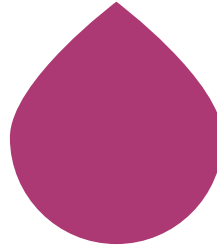
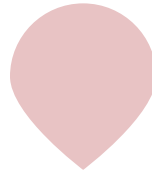
- We will extend the use of bursaries and fellowships from Specific Funds to enable staff across clinical areas and staff groups to develop their skills through various learning opportunities.
- We plan to continue to reduce the number of duplicate and dormant funds through merger and closure, to ensure that donated funds are targeted specifically where they will achieve maximum impact.
- In order to support NHS Lothian staff morale, we will consider a mechanism to support the Healthy Working Lives strategy for all staff. This acknowledges the large number of donations made to 'thank' staff.

## STRATEGIC AIM 3:

To grow the Foundation and use all its resources to maximum effect.

- We expect to complete the sale of the Trustees' property portfolio at Sciennes, when the hospital vacates the RHSC site.
- A newly appointed Head of Finance will complete the Foundation's Senior Management Team (SMT).
- The SMT will work together to develop a comprehensive Finance and Resources Strategy, and following this, review the interconnected Investment Strategy, Charitable Spend Policy, Grantmaking Strategy, and Fundraising Strategy to make sure these key programmes are underpinned by robust financial plans and indicators.
- We will shape and begin recruitment to the new professional team of fundraisers.





#### **STRATEGIC AIM 4:**

To develop the Foundation as a well governed, well managed organisation.

- We will continue to induct, support and develop NHS Lothian board and advisory committee members, to equip them with the knowledge and skills necessary to fulfil their ex officio Trustee role.
- We will grow and develop our staff team to deliver our programmes effectively, and as the team expands nurture a positive and cooperative working environment.
- As a result of the 2018/19 audit, we will draft internal guidance to bring clarity for improved decision making on 'core' and 'non-core' funded activities, noting that there is nothing in law which provides this currently.
- We will fully support the Scottish Government's review of NHS Endowments in Scotland, and provide expert resource where required.
- We will maintain our position as a leading example of best practice in NHS charities in Scotland, through robust local governance standards, and to support others in the sector.

#### **STRATEGIC AIM 5:**

To cultivate the Foundation as a more visible, accessible organisation.

- We will appoint a PR and Comms specialist, to support the development of a charity-wide communications and marketing strategy, promoting grant programmes, funded activities and fundraising.
- We will develop a comprehensive set of fundraising and marketing materials to support fundraisers who request help with their activities, and to promote community fundraising.
- We will continue to lead the way in our commitment to transparency by including where appropriate key governance documents on our public website.
- In addition to membership of the Association of NHS Charities, our Director has become an ANHSC Council Member, representing the interests of the Foundation and all Scottish NHS endowments.



# Financial Review

## OVERVIEW

The Foundation's fund balances at 31 March 2019 were £81.412m (2017/18 £76.757m). The most significant contributing factor to this was the strong return on the investment portfolio, which grew by £4.187m

The Foundation's income in 2018/19 was £5.565m (2017/18 £15.542m), and expenditure was £5.676m (2017/19 £14.533m)

The Foundation's net assets increased to £81.412m (2017/18: £76.757m).

## INCOME

After an exceptional year last year, in 2018/19 charitable income returned to relatively normal levels and we recognise the unique circumstances in 2017/18. Voluntary income of £3.446m (2017/18 £13.281m) was supported by a positive contribution of both legacies and donations, while income from investments and property remained steady during the year. The Foundation's net incoming resources, after investment gains of £4.766m were £4.655m (2017/18 net incoming resources were £2.582m)

## EXPENDITURE

In 2018/19 Trustees approved an £5.332m in charitable grants. Some highlights are described across pages 10-19 but for a full listing of our charitable grants go to [www.elhf.co.uk](http://www.elhf.co.uk)

## COSTS OF RAISING FUNDS

Investment management costs of £0.329m were slightly higher (2017/18 £0.320m). This aligns with the higher portfolio balance as fees are linked to the fund value.

## PERFORMANCE GOING FORWARD

The Foundation, together with NHS Lothian, concluded conditional missives on the joint sale of the buildings at the Royal Hospital for Sick Children last year (2017/18); however the receipt from the disposal of Trustees' holding will not be realised until after the transfer of clinical services to Little France in the summer of 2019. An agreed equalisation formula will form the basis of the split of the receipt. A reduction in rental income is anticipated.

The fundraising strategy for the Edinburgh Cancer Centre was approved in May 2018, alongside a new branding system. Through investment in fundraising and marketing, additional income will build over the next five years to a gross, sustainable £2m per annum for cancer.

Following the Scottish Government's 2018 review of NHS Tayside's historical endowment fund activity and endowments more broadly, our internal audit 2018/19 gave Trustees assurance in their governance framework and activities going forward. The Foundation Director is a member of the Scottish Government's Review Project Group, due to make recommendations regarding potential changes to the current position in the autumn.

## RESERVES POLICY

Our policy is to hold investment reserves of 20% of the valuation of the investment portfolio to manage the impact of valuation changes on the capacity of the Foundation to support expenditure on grants. The balance of investment reserves (realised and unrealised) at 31 March 2019 was £23.969m (31 March 2018: £19.124m), at 35% slightly above the Foundation's acceptable risk threshold of 20% of the valuation of the portfolio. Trustees last made a distribution of excess realised gains in 2017/18.

## INVESTMENT PERFORMANCE

Following a volatile period at the end of 2018 we have seen a healthy rebound in equity markets since the start of 2019. Markets have been supported by the expectation of a resolution to the trade disputes between China and the US and a more conciliatory statement from central banks on interest rate rises, both of which create a more positive outlook for equities. In this environment the portfolio has outperformed the CPI+4% target over the 12 month period.

The portfolio generated a return of +10%, ahead of the benchmark +6.4% for the year; and remains ahead of the benchmark over 3 years and since inception.

Positive stock selection and a quality bias in equities has driven returns over the year, particularly within the US and the technology sector.

Since the end of March, slower global growth and deterioration in trade negotiations have resulted in downgrades to earnings growth forecasts for 2019. However, managers do not expect a recession this year or next and there are reasons for cautious optimism.



**TABLE I:  
EDINBURGH & LOTHIAN'S HEALTH FOUNDATION INVESTMENT PERFORMANCE SUMMARY FY2019**

	Benchmark asset allocation (%)	Allocation as at 31 March 2019 (%)	Performance as at 31 March 2019 (%)	Allocation as at 31 March 2018 (%)	Performance as at 31 March 2018 (%)
<b>Portfolio</b>	<b>100</b>	<b>100</b>	<b>10.0</b>	<b>100</b>	<b>5.0</b>
<b>RPI + 4%</b>			<b>5.5</b>		<b>6.6</b>
<b>Benchmark*</b>			<b>6.4</b>		<b>2.6</b>
Equities	60	66	13.1	64.4	8.2
<i>Composite Equity Benchmark*</i>			9.0		3.8
Bonds	20	18	4.0	14.5	0.1
<i>FTA Gov All Stocks</i>			3.7		0.5
Multi-Asset Funds		2	-3.1	10.8	2.0
Alternatives (exc. Multi-Asset)	20	13	17.3	9.5	0.0
<i>UK 3-month LIBOR</i>			0.8		0.4
Cash	-	1	13.1	0.8	

\*all performance figures are net of Investment Management costs. Benchmarks are set within our Investment Policy and mandate.

### Common Investment Scheme

The Trustees participate, under a Service Level Agreement (SLA) with the Trustees of Lanarkshire Health Board Endowment Fund, in a Common Investment Scheme. Only the Foundation's share of the Common Investment Scheme assets is included in the balance sheet under investments.

The Common Investment Scheme portfolio was valued at £73.237m at 31 March 2019 (2017/18: £68.337m) of which £68.361m related to the Foundation (2017/18: £64.174m).

### Investment Policy

The investment objective is to maximise the "total return" (i.e. aiming to achieve an investment return through both income and capital growth) within moderate parameters of risk, and to maintain the real capital value of the portfolio over the long term.

The investment target is to achieve an annual rate of return (i.e. incorporating an allowance for inflation) of CPI + 4%. The Trustees have agreed not to set a specific annual income target.

The Trustees have agreed to a moderate tolerance of risk, accepting that at times this will mean accepting short or medium-term declines in capital values.

Trustees have considered the cost and risk implications of constructing a portfolio from a blend of directly held securities and pooled funds, and have concluded that this route is appropriate given the charity's specific requirements, particularly with respect to ethical and responsible investment, which cannot be met with sufficient proximity by pooled funds alone.

During the year the Trustees moved their measure of performance from RPI to CPI + 4%, as a more accurate measure of economy wide inflation.





### Ethical and Responsible Investment

During 2018/19 Trustees reviewed their policy with regard to their duties and guidance on ethical and responsible investment, and believe that responsible investment can enhance long-term portfolio performance. In particular, capturing investment opportunities driven by environmental, social and governance (ESG) integration and active ownership may have a material positive impact on investment returns and risks.

Trustees' investment manager, in particular in the equity portfolio, is encouraged to take an active approach to engagement in these areas when considering both existing and prospective investments.

Trustees also encourage their investment manager to discharge their responsibilities in accordance with current best practice including the UK Stewardship Code, and the UN Principles of Responsible Investment.

The Trustees maintain the following investment restrictions, which would be in direct conflict with the charity's objectives:

- No direct investments in companies involved in tobacco production, distillers of alcoholic beverages or armaments. Screened at 10% of revenue.
- Underlying securities of pooled funds are screened prior to acquisition for exposure to tobacco, alcohol and armaments at 10% of revenue and will only be invested in if these represent less than 5% of the overall assets of the relevant fund.

During 2018/19 Trustees agreed to an initial investment of £5m in a Responsible Multi-Asset Fund, which mirrors the portfolio's target return objective, risk tolerance and asset allocation strategic weightings and tactical ranges. The fund builds on Trustees' response to responsible and ethical investment by excluding exposure to coal and tar sands, alcohol, pornography, armaments, tobacco, gambling, high interest lending and human embryonic cloning.

The Investment Managers attend meetings of the Charitable Funds Committee.

## Principal risks and their management

Trustees aim to adopt best practice to identify and mitigate against risks, and to have appropriate procedures and controls in place.

### The Trustees' risk management objectives are to:

- Integrate risk management into the culture of the Foundation
- Manage risk in accordance with best practice
- Consider legal compliance as an absolute minimum
- Anticipate and respond quickly to social, environmental, financial and legislative change
- Raise awareness of the need for risk management

Systems in place to identify and mitigate risks include:

- The Risk Management Policy was approved by Trustees in 2017, and will be reviewed in 2020
- The Risk Management Policy is a reserved matter for Trustees
- Oversight responsibility for risk management is delegated to the Charitable Funds Committee
- The Risk Register is reviewed as a standing agenda item by the Charitable Funds Committee.
- Internal audit periodically reviews risk management systems and controls (most recently in 2016/17)

A Short Life Working Group reviewed risk during 2018/19 and have redesigned the Corporate Risk Register across four categories of Governance & Management, Economic & Financial, Operational & External, and Compliance & Regulatory. The new Register was approved by Trustees in March 2019, and contains a total of 9 risks. The principal risks and management strategies are summarised below.



### GOVERNANCE & MANAGEMENT

Failure to deliver key elements of the Grantmaking Strategy, due to the key delivery partner (NHS Lothian) not facilitating the implementation or delivery of projects. Mitigating controls include quarterly updates on progress and a strengthened framework for management account reporting with the incoming Head of Finance; additional actions will require funded projects to have NHS senior management authority for internal approvals and progress updates.

Trustee Assurance: Limited

Residual Risk: Medium

Conflicts of interest arise due to inability of Trustees to pursue the charity's objects without influence or granting of funds to 'core' business because Trustee is also NHS Lothian board. Mitigating controls include a robust and separate governance structure including a Charter, Trustee Role Description, Code of Conduct, Conflict of Interest Policy and Register of Interests.

Trustee Assurance: Significant

Residual Risk: Medium

### ECONOMIC & FINANCIAL

Failure of RHSC / Sciennes Property portfolio to return its value through the joint disposal (with NHS Lothian). In mitigation, Trustees have received separate legal and property advice; an equalisation agreement and formula was revised and approved by Trustees in March 2019.

Trustee Assurance: Moderate

Residual Risk: Medium

### OPERATIONAL & EXTERNAL

Unable to meet project or service development commitments due to partner enabling factors (see above), low visibility of grant programmes or poor quality of project applications. In mitigation Trustees receive regular progress reports and management accounts on grantmaking, and in addition improvements to the application process will include NHS senior management authority to provide delivery linkage and 'ownership'.

Trustee Assurance: Moderate

Residual Risk: Medium

Loss of unsolicited voluntary income (due to low awareness or visibility of the Foundation) or proactive fundraising income (due to competition within the space or lack of compelling case or specialist resource). This long term risk has recently developed in mitigation a new branding system and a newly recruited Head of Fundraising. In addition the team, once in place, will develop fundraising cases, collateral, and KPIs for reporting.

Trustee Assurance: Limited

Residual Risk: Medium

Adverse publicity / reputational risk caused by negative publicity across the NHS endowment sector, causing loss of donor confidence and voluntary income. In mitigation the Foundation has developed a strong and transparent governance framework (considered best practice) which is regularly audited. The Foundation is also contributing expertise to the Scottish Government's NHS Endowment Review, and will sign up to the Scotland Fundraising Panel.

Trustee Assurance: Moderate

Residual Risk: Medium



# Structure, governance and management

## CHARITY'S OBJECT

Edinburgh & Lothians Health Foundation is the operating name for the Lothian Health Board Endowment Fund, which is registered as a charity in Scotland SC007342. Our registered office is Waverley Gate, 2-4 Waterloo Place, Edinburgh, EH1 3EG.

The Foundation, by virtue of its governing document the *National Health Service (Scotland) Act 1978* is constituted as a corporate Trustee, i.e. Lothian Health Board is the corporate body Trustee of the Foundation.

The Foundation's object is the advancement of health, through the improvement of the physical and mental health of the people of Scotland, the prevention, diagnosis and treatment of illness, the provision of services and facilities in connection with the above, and the research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or into such other matters relating to the health service as the Trustees see fit.

The Trustees shall observe the principal of not granting endowment funds as a substitute for a core provision, or to cover a responsibility of Lothian NHS Board which is a requirement of health and safety, employment law or a ministerial policy direction. This is in order to reduce the risk of conflict of interest between the role of Lothian Health Board and the Foundation Trustee.

## APPOINTMENT OF TRUSTEES

All members of Lothian Health Board are appointed by Scottish Ministers. Board members become Trustees of the Foundation ex officio, which leads to a consolidation requirement. Trustees collectively are an unincorporated body distinct from Lothian Health Board which indemnifies Trustees (collectively and individually) against allegations of neglect or breach in respect of their duties as Trustees.

The appointment as Trustee is legally distinct from the appointment as board members and individual board members, in their capacity as Foundation Trustees, are required to meet the requirements of the Charities and Trustee Investment (Scotland) Act 2005. No other individuals are permitted to be appointed to act as Trustees. Trustees who served throughout the year to 31 March 2019, except where otherwise disclosed, are listed on page 28.

Trustees are given a comprehensive induction to the Foundation when they join the Board, including an induction pack which includes the Foundation's Charter, Trustee Role Description and Code of Conduct and Conflict of Interest Policy. Trustees are also invited to seminars and other development opportunities on governance, investment and charitable funding.

## POWERS OF INVESTMENT

The Lothian Health Board's powers of investment in its capacity as corporate Trustee of the Lothian Health Board Endowment Fund are principally derived from the Foundation Charter and the Charities and Trustee Investment (Scotland) Act 2005:

Trustees are entitled to make any kind of investment of the endowment including a wider power to acquire stocks and shares, or heritable property. Trustees' duties before making an investment are to consider the need for diversification of investments, consider the suitability of the proposed investments, and to consider obtaining appropriate advice.

Trustees also have powers to appoint nominees (i.e. an investment manager) for the purpose of investment.

## REMUNERATION

Trustees are responsible for the appointment of the senior officers (Higher than Agenda for Change Band 7) in accordance with NHS Scotland Agenda for Change policy framework.

## NETWORKS AND AFFILIATIONS

The Foundation is an associate member of the Association of NHS Charities and a founding member of the NHS Scotland Endowments Network Group, both of which promote the effective working of NHS Charities.

The Foundation is also a member of the Scotland Funders Forum, Scottish Grantmakers, committed to best practice in funding the voluntary and community sector and maximising the impact of funding for the benefit of Scotland, and the Association of Charitable Foundations. The new Head of Fundraising is a member of the Institute of Fundraising.





## Trustees' responsibilities

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The Trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which show a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the Foundation.

In preparing these financial statements, generally accepted accounting practice requires that the Trustees:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- State whether the financial statements comply with applicable accounting standards and the requirements of the National Health Service (Scotland) Act 1978, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The Trustees are required to act in accordance with the *National Health Service (Scotland) Act 1978*, within the framework of trust law. They are responsible for keeping adequate accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under section 44 of the *Charities and Trustee Investment (Scotland) Act 2005*, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Approved by the Edinburgh & Lothians Health Foundation Trustees at their meeting held on 26 June 2019

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### DISCLOSURE OF INFORMATION TO AUDITORS

To the knowledge and belief of each of the persons who are Trustees at the time the report is approved:

- a) So far as the Trustee is aware, there is no relevant information of which the organisation's auditor is unaware; and,
- b) He/she has taken all steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Trustees and signed on their behalf by

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**Mr Brian Houston**

26 June 2019

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**Susan Goldsmith**

26 June 2019



# Organisation

## TRUSTEE BOARD

Brian Houston (Chairman).....	Ricky Henderson..... (until 20/4/18)	Prof Alex McMahon .....
Michael Ash .....	Martin Hill (Vice-Chair) .....	Bill McQueen .....
Ian Campbell .....	Carolyn Hirst.....	Alison Mitchell .....
(until 20/2/19)	Prof Tracy Humphrey .....	Derek Milligan.....
Martin Connor.....	Fiona Ireland .....	Peter Murray.....
Tim Davison .....	Alex Joyce .....	Fiona O'Donnell .....
Dr Patricia Donald..... (from 1/8/18)	Prof Alison McCallum.....	Prof Moira Whyte.....
Tracy Gillies.....	Angus McCann .....	Dr Richard Williams .....
Susan Goldsmith.....	John McGinty.....	(from 1/8/18)
George Gordon .....		
(from 20/2/19)		

## DECISION MAKING AND COMMITTEES

Trustees are responsible for the general control and management of the administration of the Foundation, agreeing the strategy, any policies pertinent to governance and control, annual budgets, and internal and external audit. Trustees approve the Annual Report and Accounts, the establishment, membership and Terms of Reference of any committee, and consider any proposal for expenditure outwith the strategy and annual budget over £100k. There were five full Trustee meetings during 2018/19.

Trustees are served by one committee and one advisory group. Both are chaired by a Trustee, but include non-Trustee members. Both report to the full Trustee Board:

**The Charitable Funds Committee** is appointed to develop the Foundation's strategy and objectives, oversee the implementation of an infrastructure appropriate to its efficient and effective running, oversee the expenditure and investment plans, and monitor the performance of the Foundation's activities ensuring it adheres to the principles of good governance and complies with all relevant legal requirements.

**The Arts Advisory Group** is appointed to advise on the Arts in Health and Wellbeing Strategy and associated budget, and the ongoing programme activity.

Trustees delegate day-to-day control of operations to the Foundation Director, who is responsible for the management of the Foundation and ensuring that the Trustees' strategies and policies are followed.

## ADVISORS

### Auditors (Statutory)

Scott-Moncrieff  
Exchange Place  
3 Semple Street  
Edinburgh EH3 8BL

### Auditors (Internal)

NHS Lothian  
Waverley Gate  
2-4 Waterloo Place  
Edinburgh EH1 3EG

### Investment Managers

Schroder & Co Ltd  
t/a Cazenove Capital Management  
1 London Wall Place,  
London EC2Y 5AU

### Investment Advisors

Mercer  
Quartermile One  
15 Lauriston Place  
Edinburgh EH3 9EP

### Bankers

The Royal Bank of Scotland plc  
Commercial Banking  
1st Floor, Gemini Building  
24-25 St Andrew Square  
Edinburgh EH2 1AF

### Solicitors

Turcan Connell  
Princes Exchange  
1 Earl Grey Street  
Edinburgh EH3 9EE

## STAFF

Jane Ferguson .....	Director
Rhonda Baillie .....	Payments Officer
Elaine Blaney .....	PA/Fundraising Assistant
Maisie Fordwood .....	Assistant Accountant
Natalie Franks .....	Funds Administrator
Susan Grant.....	Arts Manager
Angela Gray .....	Arts, Participation & Engagement Manager
Owen Siddalls .....	Grants Manager
Mark Sexton .....	Accounting Assistant
Nicola Sinclair .....	Head of Fundraising
Jill Snowdon .....	BCI Fundraising Manager



**Auditor's  
report and  
financial  
statements**





# Independent Auditor's Report to the Trustees for the year ended 31 March 2019

## Opinion

We have audited the financial statements of Edinburgh & Lothian Health Foundation for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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).

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 income and expenditure 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 (as amended) and the National Health Service (Scotland) Act 1978.

## 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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 Trustee's 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 (as amended) 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.

### Responsibilities of the Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 27, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they 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.

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

### 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 the Act and relevant regulations made or having effect thereunder.

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.

### Use of our report

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 (as amended) and the National Health Service (Scotland) Act 1978.

Our audit work has been undertaken so that we might state to the charity's Trustees, as a body, 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

26 June 2019

### Scott-Moncrieff, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

Exchange Place 3

Semple Street Edinburgh EH3 8BL

Edinburgh EH3 8BL



## Financial Statements

# Statement of Financial Activities for the year ended 31 March 2019

		Unrestricted funds 2019	Restricted funds 2019	Total funds 2019	Unrestricted funds 2018	Restricted funds 2018	Total funds 2018
	NOTE	£000	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>							
Donations and legacies	2	545	2,901	3,445	403	12,878	13,281
Investments	3	1,557	562	2,119	1,704	557	2,261
<b>Total</b>		<b>2,102</b>	<b>3,463</b>	<b>5,565</b>	<b>2,107</b>	<b>13,435</b>	<b>15,542</b>
<b>Expenditure on:</b>							
Raising funds	4	201	143	344	193	139	332
Charitable activities	5	2,142	3,190	5,332	1,662	12,539	14,201
<b>Total</b>		<b>2,343</b>	<b>3,333</b>	<b>5,676</b>	<b>1,855</b>	<b>12,678</b>	<b>14,533</b>
<b>Net gains on investments</b>		<b>2,774</b>	<b>1,992</b>	<b>4,766</b>	<b>986</b>	<b>587</b>	<b>1,573</b>
Net income		2,533	2,122	4,655	1,238	1,344	2,582
Transfers between funds		0	0	0	(4)	4	0
<b>Net movement in funds</b>		<b>2,533</b>	<b>2,122</b>	<b>4,655</b>	<b>1,234</b>	<b>1,348</b>	<b>2,582</b>
<b>Reconciliation of funds</b>							
Total funds brought forward	14	49,249	27,508	76,757	48,015	26,160	74,175
<b>Total funds carried forward</b>		<b>51,782</b>	<b>29,630</b>	<b>81,412</b>	<b>49,249</b>	<b>27,508</b>	<b>76,757</b>

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

Notes I - 17 on pages 35-46 form part of these accounts.



## Financial Statements

# Balance Sheet as at 31 March 2019

		Total funds 2019	Total funds 2018
	NOTE	£000	£000
<b>Fixed assets</b>			
<b>Investments</b>			
Securities	8	68,361	64,174
Cash awaiting investment	11	127	55
Heritable property	8	11,120	11,120
<b>Total fixed assets</b>		<b>79,608</b>	<b>75,349</b>
<b>Current assets</b>			
Short term investments	8	2,018	2,003
Debtors	10	9,791	8,417
Cash at bank and in hand	11	5,359	4,626
<b>Total current assets</b>		<b>17,168</b>	<b>15,046</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	12	(3,064)	(2,638)
<b>Net current assets</b>		<b>14,104</b>	<b>12,408</b>
<b>Total assets less current liabilities</b>		<b>93,712</b>	<b>87,757</b>
<b>Long term creditor</b>	12	(12,300)	(11,000)
<b>Financed by - charity fund total</b>	<b>17</b>	<b>81,412</b>	<b>76,757</b>

Notes 1 - 17 on pages 35-46 form part of these accounts.

The Edinburgh & Lothians Health Foundation Accounts for the year ended 31 March 2019 were approved by the Trustees at their meeting held on 26 June 2019

**Mrs Susan Goldsmith**

Trustee  
26 June 2019

**Mr Brian Houston**

Chairman of Trustees  
26 June 2019





## Financial Statements

# Statement of Cash Flows for the year ended 31 March 2019

	NOTE	Total funds 2019 £000	Total funds 2018 £000
<b>Cashflows from operating activities</b>			
Net cash provided (used in)/ by operating activities		(1,631)	1,684
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		2,119	2,261
Proceeds from the sale of property, plant and equipment		0	0
Purchase of property, plant and equipment		0	0
Proceeds from sale of investments		12,552	10,586
Purchase of investments		(12,235)	(12,325)
<b>Net cash provided by investing activities</b>		<b>2,436</b>	<b>522</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>805</b>	<b>2,206</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>4,681</b>	<b>2,475</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>11</b>	<b>5,486</b>	<b>4,681</b>

## RECONCILIATION OF NET INCOME TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2019 £000	2018 £000
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>4,655</b>	<b>2,582</b>
<b>Adjustments for:</b>		
Revaluation (Gains) on investments	(4,519)	(1,317)
Dividends, interest and rents from investments	(2,119)	(2,261)
(Increase) in debtors	(1,374)	(7,818)
Increase / (Decrease) in creditors	1,726	10,498
<b>Net cash provided (used in)/ by operating activities</b>	<b>(1,631)</b>	<b>1,684</b>



# Notes to the Accounts

## I. PRINCIPAL ACCOUNTING POLICIES

### GENERAL INFORMATION

#### I.1 Basis of preparation

These financial statements are presenting in pounds sterling (GBP) as that is the currency in which the charity's transactions are denominated. They comprise the financial statements of Edinburgh & Lothians Health Foundation. The objective of Edinburgh & Lothians Health Foundation is the advancement of health and the promotion of physical and mental health and wellbeing of the people of Scotland. Edinburgh & Lothians Health Foundation is an unincorporated charity, recognised as a charity for tax purposes by HMRC and registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC007342. Details of the principal address can be found on page 21 of the financial statements.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Update Bulletin 1 to the SORP published in February 2016 the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the National Health Service (Scotland) Act 1978 and the charity's constitution.

Edinburgh & Lothians Health Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.14.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charity's financial statements unless otherwise stated.

#### Going concern

The Trustees are of the opinion that the charity can continue to meet its obligations as they fall due for the foreseeable future. The financial position and cash-flow forecasting is reviewed on a regular basis by the Finance and Investment Advisory Committee and reported to Trustees. As a consequence the Trustees have prepared the financial statements on a going concern basis.

#### Controlling entity

The financial statements are consolidated into the Lothian Health Board (operating as NHS Lothian). The basis of the consolidation is merger accounting. The accounts are available on the website of NHS Lothian.

#### I.2 Income

Donations and grants are recognised once the charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Investment income is recognised when right to receipt is established.

Incoming resources are included gross of any tax recoverable.

Income that is restricted by the donor is included in an existing restricted fund that most closely matches the nature of the restriction unless it is not possible to match the donation to a fund in which case a new fund will be established. Income which has no restrictions attached is included in the general funds of the charity.

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred once all conditions attached to the legacy have been fulfilled.

Where legacies have been notified to the charity and the criteria for income recognition haven't been met, the legacy is treated as a contingent asset and disclosed if material. Legacy income is measured at fair value, generally the cash amount receivable, and is discounted if deferred for more than 12 months. The unwinding of the discount is recognised as interest receivable.



### **I.3 Resources expended and recognition of liabilities**

All expenditure is recognised when there is a legal or constructive obligation committing the charity to the expenditure. Expenditure is accounted for on an accruals basis and has been classified under headings of raising funds and charitable activities, which aggregate all costs related to the category.

The costs of generating funds are the direct costs associated with raising funds and include fundraising costs and investment management fees. Fundraising costs are those incurred in seeking voluntary contributions and include direct costs such as publicity and direct mailing material. Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities.

Costs of charitable activities comprise all costs identified as wholly or mainly incurred in the pursuit of the charitable objects of the charity. 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 include support costs and the apportionment of overheads, as shown in note 5.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity. These costs include costs related to statutory audit together with an apportionment of overhead and support costs.

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Most items of medical or scientific equipment and aids for the handicapped 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 Lothian Health Board's own VAT registration reference. Amounts reclaimed are credited to the endowment funds which bore the costs initially.

### **I.4 Investments**

Investments and properties are stated at fair value at the balance sheet date. The investment property was revalued on 28 August 2015 by Rydens Property Consultants and Chartered Surveyors, in accordance with RICC guidelines, on an open market value basis

Quoted stocks and shares are included in the balance sheet at mid-market price, excluding dividends as this is not materially different from bid value.

Any realised gains and losses on revaluation or disposals are disclosed in the Statement of Financial Activities.

### **I.5 Realised and unrealised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and the carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the fair value at the year-end and the carrying value (or purchase date if later).

### **I.6 Heritage assets**

Heritage assets are not included in the balance sheet at valuation as they are not held for the purposes of conservation but to promote the arts in health and wellbeing. The Foundation has an inventory of artworks and other minor collectables. Acquisitions and gifts of historical or other heritage value to the Foundation are not generally made. The Trustees do not have any plans to dispose of heritage assets. The management of the heritage assets of the Foundation are overseen by its Board of Trustees. The details of heritage assets are in note 9.

### **I.7 Pensions**

The Foundation is a grant making charity and has no employees (Foundation staff are employees of NHS Lothian); any pension contribution or taxation liabilities that may arise are solely the responsibility of the grant recipient.

### **I.8 Taxation**

The Foundation has charitable status and is exempt from income tax under Section 505 of the Income and Corporation Taxes Act 1988 and capital gains tax under Section 256 of the Taxation of Chargeable Gains Act 1992 and the Foundation is entitled to describe itself as a Scottish charity.



### **I.9 Funds**

Unrestricted funds are income sources which are receivable for the objects of the charity without further specified purposes and are available as general funds.

Designated funds are unrestricted income sources which have been earmarked for a specific future purpose.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

### **I.10 Accrued income**

Accrued income relates to legacies and dividend income to which the charity is entitled which has not been received at the year end.

### **I.11 Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

### **I.12 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held within the investment portfolio, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **I.13 Financial assets and financial liabilities**

Financial instruments are recognised in the statements of financial activities when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are accounted for as set out below. A financing transaction is measured at the present value of the future payments discounted at the market rate of interest for similar debt instrument.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter II of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Current assets and current liabilities are measured at the cash value expected to be paid or received.

### **I.14 Significant estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Foundation makes judgements in applying accounting policies.





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## 2. DONATIONS & LEGACIES

	Unrestricted funds 2019	Restricted funds 2019	Total funds 2019	Unrestricted funds 2018	Restricted funds 2018	Total funds 2018
	£000	£000	£000	£000	£000	£000
Donations	285	1,900	2,185	271	11,636	11,907
Legacies	187	993	1,180	132	1,235	1,367
Grants	73	8	81	0	7	7
<b>Total donations and legacies</b>	<b>545</b>	<b>2,901</b>	<b>3,446</b>	<b>403</b>	<b>12,878</b>	<b>13,281</b>

## 3. INVESTMENT INCOME

	Unrestricted Funds 2019	Restricted Funds 2019	Total Funds 2019	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018
	£000	£000	£000	£000	£000	£000
Listed equity investments	1,248	535	1,783	1,394	557	1,951
Schroder	1	24	25			
Bank interest	5	3	8	0	0	0
Rental property	303	0	303	310	0	310
<b>Total investment income</b>	<b>1,557</b>	<b>562</b>	<b>2,119</b>	<b>1,704</b>	<b>557</b>	<b>2,261</b>

## 4. RAISING FUNDS

	Unrestricted funds 2019	Restricted funds 2019	Total Funds 2019	Unrestricted funds 2018	Restricted funds 2018	Total Funds 2018
	£000	£000	£000	£000	£000	£000
Investment management	192	137	329	186	134	320
Fund raising costs	9	6	15	7	5	12
<b>Total raising funds</b>	<b>201</b>	<b>143</b>	<b>344</b>	<b>193</b>	<b>139</b>	<b>332</b>

A team of fundraisers completed the Edinburgh Half Marathon to raise money for St John's ICU





## 5. CHARITABLE ACTIVITIES

The Foundation did not undertake any direct charitable activities on its own account during the year. Grants were approved in favour of beneficiaries and the Foundation incurred expenditure with third parties in pursuance of those grants or reimbursed expenditure incurred by beneficiaries. Support costs have been apportioned across the categories of charitable expenditure based upon the level of expenditure on grant funded activity.

An initial allocation of overhead and support costs has been made to unrestricted funds and restricted funds based on the balances on these funds at the end of the financial year, exclusive of heritable properties. From this allocation, balances are then identified for governance related costs leaving a residue to be allocated and /or apportioned across all other activities, namely charitable expenditure and costs of generating funds.

	Unrestricted funds 2019	Restricted funds 2019	Total funds 2019	Unrestricted funds 2018	Restricted funds 2018	Total funds 2018
	£000	£000	£000	£000	£000	£000
<b>Grant Making</b>						
Grant funding of activities (note 6)	1,861	2,989	4,850	1,400	12,350	13,750
Support costs (Note 7)	227	163	390	213	154	367
Governance (Note 7)	54	38	92	49	35	84
<b>Total charitable activities</b>	<b>2,142</b>	<b>3,190</b>	<b>5,332</b>	<b>1,662</b>	<b>12,539</b>	<b>14,201</b>

## 6. ANALYSIS OF GRANTS EXPENDITURE

The Foundation does not make grants to individuals. The total cost of making grants is disclosed on the face of the Statement of Financial Activities. Restricted funds are operated on Trustees' behalf by Stewards, who may disburse grants to a designated limit of £5,000 based on the purposes of that fund.

Total grant making expenditure was £4,850k of this the following institutions received grant funding above £100,000:

	£000
<b>Institutional Grants</b>	
NHS Lothian	2,722
University of Edinburgh	999
Other Organisations	1,129
<b>Total</b>	<b>4,850</b>

Note I6 contains more detail on the grant making expenditure with NHS Lothian.



## 7. ANALYSIS OF SUPPORT & GOVERNANCE COSTS

	Charitable Activities	Governance costs	2019	Charitable Activities	Governance costs	2018
	£000	£000	£000	£000	£000	£000
Salaries and related costs	306	54	360	269	47	316
External Audit	0	15	15	0	14	14
Non audit services	0	0	0	0	4	4
Rent/post/phone	84	23	107	98	19	117
<b>Total</b>	<b>390</b>	<b>92</b>	<b>482</b>	<b>367</b>	<b>84</b>	<b>451</b>

The Foundation Office costs in 2018/19 totalled £481,000 (2017/18: £451,000). This is represented principally by costs of nine NHS Board employees (2017/18 – eight). They work exclusively for the Foundation, providing a service Lothian-wide.

Only one senior employee earned an emolument of more than £60,000 per annum during 2018/19, being in receipt of salary in the band £80,000 to £90,000 (2017/18 – £80,000 to £90,000). Employer pension contributions for the senior employee during 2018/19 were £12,893 (2017/18 – £12,654). Total employee benefits of key management personnel were £110,291 (2017/18 £108,181)

No Trustee received any remuneration or expenses from the Foundation during the year (2017/18 – none).

Scott-Moncrieff did not receive any fees for non-audit activities in 2018/19 (2017/18: £420).

Other key expenditure items during the year relate to a SLA with NHS Lothian for financial services provision, operational website costs, legal and property costs and other office expenditure.

## 8. INVESTMENTS

	Investment Property 2019	Market Investments 2019	Total 2019	Investment Property 2018	Market Investments 2018	Total 2018
	£000	£000	£000	£000	£000	£000
Cost or valuation at 31 March 2018	11,120	64,174	75,294	11,120	63,121	74,241
Acquisitions	0	12,220	12,220	0	10,322	10,322
Disposals	0	(12,552)	(12,552)	0	(10,586)	(10,586)
Revaluation gain	0	4,519	4,519	0	1,317	1,317
<b>Valuation at 31 March 2019</b>	<b>11,120</b>	<b>68,361</b>	<b>79,481</b>	<b>11,120</b>	<b>64,174</b>	<b>75,294</b>

The historic cost of market investments is £55,020 (2017/18 £53,390).

The investment property was last revalued on 28 August 2015 by Rydens Property Consultants and Chartered Surveyors, in accordance with RICC guidelines, on an open market value basis.

There is a short term cash investment of £2,018k greater than 3 months but under one year that is shown within current assets.

Whilst the Foundation (together with NHS Lothian) have concluded conditional missives on the joint sale of the RHSC / Sciennes estate, the final receipt and disposal costs are not yet known.





## 9. HERITAGE ASSETS

The Foundation possesses an inventory of historical and contemporary artworks and other minor collectables which are not held for the purposes of conservation but to promote the use of arts and heritage as a therapeutic component of improving health and wellbeing for patients and visitors to NHS premises. At 31 March 2019 the latest available valuation (as at April 2019) of the inventory was approximately £1,304,000. There is a valuation exercise nearing completion.

## 10. DEBTORS

	2019	2018
	£000	£000
Tax recoverable	45	22
Prepayment & accrued income	9,746	8,393
Other debtors	0	2
<b>Total</b>	<b>9,791</b>	<b>8,417</b>

## II. CASH AND CASH EQUIVALENTS

	2019	2018
	£000	£000
Cash at bank	4,351	3,626
Cash at investment manager	127	55
Notice deposits < 3 months	1,008	1,000
<b>Total cash and cash equivalents</b>	<b>5,486</b>	<b>4,681</b>

## 12. CREDITORS

	2019	2018
	£000	£000
<b>Creditors due within 1 year</b>		
Trade payables	26	53
Accruals	3,038	2,585
<b>Total</b>	<b>3,064</b>	<b>2,638</b>

### Creditors due greater than one year

Accruals	12,300	11,000
<b>Total Creditors</b>	<b>15,364</b>	<b>13,638</b>

The creditors falling due after one year relate to the agreed commitment in relation to the Haematology project, expected timeline of payment is during the financial year 2020/21.

**13. FINANCIAL ASSETS & LIABILITIES**

	2019	2018
	£000	£000
Financial assets at fair value	68,361	64,174
Financial assets at amortised costs	17,295	15,101
Financial liabilities at amortised costs	15,364	13,638

Current assets and current liabilities are measured at the cash value expected to be paid or received

**14. ANALYSIS OF SPECIFIC FUNDS**

Hospital Specific Funds >£100k	Balance B/fwd	Income	Expenditure	Transfer In/(Out)	Gains / (Losses)	Balance at 31/03/2019
	£000	£000	£000	£000	£000	£000
<b>St John's Hospital at Howden:</b>						
Chemotherapy	184	49	(73)	0	0	160
Martha Ritchie Cancer Care Fund	186	5	(3)	0	0	188
<b>Western General Hospital</b>						
WGH Neurological Surgery Fund	515	18	(71)	0	0	462
Edinburgh Cancer Centre Fund	281	44	(79)	0	0	246
KIS Memorial Colorectal Cancer Fund	87	18	(2)	0	0	103
Rheumatic Diseases Unit Fund	188	5	(31)	0	0	162
Edinburgh Centre for Neuro-Oncology	129	9	(16)	0	0	122
Margaret Lee Oncology Fund	129	32	(12)	34	0	183
Microbiological Research Fund	118	3	(3)	0	0	118
J. King Urological Cancers Research	252	8	(5)	0	0	255
Head & Neck Cancer Research Fund	205	14	(4)	0	0	215
General Oncology Department Fund	757	22	(14)	0	0	765
Fighting Cancer in Edinburgh Fund	107	63	(34)	0	0	136
Colorectal Research Fund	147	8	(15)	0	0	140
Lyda Henderson Memorial Fund	110	3	(8)	0	0	105
Haematology Research Fund	539	219	(13)	0	0	745
Paul Abraham Molecular Laboratory Fund	228	6	(27)	0	0	207
Edinburgh Neurology Fund	165	22	(5)	0	0	182
CJD Research Unit Fund	100	6	(2)	0	0	104
Breast Cancer Institute Fund	1,212	163	(361)	0	0	1,014
WGH Clinical Trials Unit	151	4	(3)	0	0	152
<b>Astley Ainslie Hospital</b>						
Edinburgh Physio Rehab Service Fund	101	6	(3)	0	0	104



Hospital Specific Funds >£100k	Balance B/fwd	Income	Expenditure	Transfer In/(Out)	Gains / (Losses)	Balance at 31/03/2019
	£000	£000	£000	£000	£000	£000
<b>Royal Victoria Building:</b>						
The Edinburgh Parkinson's Service Fund	139	5	(9)	0	0	135
<b>Roodlands Hospital:</b>						
Harriet Connolly Fund	140	4	(17)	0	0	127
<b>Simpson Centre for Reproductive Health:</b>						
G & J Bassett Legacy Fund	361	10	(6)	0	0	365
<b>Royal Hospital for Sick Children:</b>						
Calderwood Paediatric Cardiology Fund	0	3	(7)	243	0	239
Trastevere Fellowship Paediatric Pathology	138	4	(4)	0	0	138
Leukaemia & Cancer Fund	339	164	(39)	0	0	464
<b>Royal Infirmary of Edinburgh:</b>						
Kidney Transplant	282	16	(18)	0	0	280
Coronary Care Unit Fund	368	10	(11)	0	0	367
Scottish Liver Transplant Unit	227	49	(89)	0	0	187
Edinburgh Vascular Research Fund	0	12	(12)	243	0	243
CEG Wright Renal Scanner Fund	355	9	(59)	0	0	305
Medical Renal Unit Fund	800	27	(19)	0	0	808
Renal Research Fund	150	8	(7)	0	0	151
(RIE) Orthopaedics Department Fund	192	8	(16)	0	0	184
Brown & Ireland Estate Arthritis Fund	134	4	(2)	0	0	136
<b>Princess Alexandra Eye Pavilion:</b>						
Treatment of Blindness & Research Fund	161	5	(3)	0	0	163
Eye Research Fund	191	30	(51)	0	0	170
<b>Total Hospital Specific Funds &gt;£100,000</b>	<b>9,868</b>	<b>1,095</b>	<b>(1,153)</b>	<b>(520)</b>	<b>0</b>	<b>10,330</b>
Division-wide Specific Funds >£100K	Balance B/fwd	Income	Expenditures	Transfer In/(Out)	Gains / (Losses)	Balance at 31/03/2019
	£000	£000	£000	£000	£000	£000
Dorothy Melville Bequest Edinburgh Dental Institute	514	15	(9)	0	0	520
CAMHS Eating Disorder, Research & Self Help Fund	599	17	(11)	0	0	605
Edinburgh Cancer Centre Research Fund	1,864	57	(57)	120	0	1,984
Edinburgh Heart Centre Fund	0	134	(8)	613	0	739
Share of Undistributed Investment Reserves	7,769	0	0	0	2,228	9,997
<b>Total Division-wide Specific Funds &gt;£100,000</b>	<b>10,746</b>	<b>223</b>	<b>(85)</b>	<b>733</b>	<b>2,228</b>	<b>13,845</b>
Other Specific Funds less than £100,000	6,894	2,145	(2,095)	(1,253)	(236)	5,455
<b>Total Hospital &amp; Division-wide Specific Funds &gt;£100k</b>	<b>27,508</b>	<b>3,463</b>	<b>(3,333)</b>	<b>0</b>	<b>1,992</b>	<b>26,630</b>



The Trustees set a closing balance of £100,000 or above as the threshold for separate reporting of material funds.

The titles of the individual funds are indicative of the particular speciality, department, hospital or research activity that they support. They fall into two broad categories – funds received by way of legacies or substantive donations to support particular specialities/developments/research activities.

Alternatively, they are funds of a custodial nature established at the request of designated Fund Stewards and controlled by them on an operational basis, but subject to the general oversight of the Trustees.

Although Investment Reserves are held for the benefit of individual General (Unrestricted) and Specific (Restricted) Funds, they are held in separate Reserve Accounts until such time as the Trustees may deem it appropriate for part or all of the reserves to be distributed to individual Funds.

General (unrestricted) funds exist for each hospital or group of hospitals in Lothian to hold donations where the donor has made the donation for the benefit of an individual hospital or group of hospitals but not specified how the Funds are to be expended. In these circumstances, the Trustees use their discretion in deciding how to use these Funds.

There are many individual Specific (Restricted) Funds where the donor has expressed a wish as to how the donation is to be used. Typical uses are research, patient amenities and equipment.

#### Transfers

There were no transactions in year in relation to transfers to the Specific from General.

## 15. MATERIAL DONATIONS, LEGACIES OR GRANTS

Details of all individual donations, legacies or grants of over £50,000 are listed below

Donation/Grant to:	Donor/Legator/Grantor	Purpose	Amount
			£000
Western General Hospital	Anonymous	Haematology Unit	1,300
Western General Hospital	William Scott, deceased	Haematology Research Fund	178
Western General Hospital	Sarah Hamilton, deceased	Edinburgh Cancer Centre Fund & Breast Cancer Institute Fund	150
Royal Hospital for Sick Children	Muriel Smith, deceased	Leukaemia & Cancer Fund	129
Royal Infirmary of Edinburgh	Betty Morgan, deceased	Edinburgh Heart Centre Fund	128
Western General Hospital	Fiona Danby, deceased	Edinburgh Cancer Research Fund	113
Royal Hospital for Sick Children	Robert Anderson, deceased	Royal Hospital for Sick Children (General Purposes) Site Fund	100
Western General Hospital	Isabella Thomson, deceased	Mackenzie Cardiac Research Fund	82
Royal Infirmary of Edinburgh	Anonymous	Care of the Elderly Units	69
Royal Hospital for Sick Children	It's Good to Give	Haematology & Oncology	51
Western General Hospital	Elizabeth Pentland, deceased	Breast Cancer Institute Fund	50
<b>Total</b>			<b>2,350</b>





## 16. RELATED PARTY TRANSACTIONS

The Trustees are all executive or non-executive members of Lothian Health Board. There were no transactions with the Trustees or their related organisations during the year other than with Lothian Health Board. The charity's grant making transactions remitted to Lothian Health Board during the financial year amounted to £2,772,000 (breakdown shown below). Included within income is rental income of £299,000 from Lothian Health Board. As stated in note 5 the Foundation administrative support costs consist mainly of staff on Lothian NHS Board employment contracts with a cost of £360,000 which was charged by the Health Board. At 31 March 2019 there was a balance outstanding of £55 payable and an accrual of £12.3m to NHS Lothian.

Expenditure with NHS Lothian:	Further info	Amount £000
<b>General Funds</b>		
Older People Strategy		444
R&D transformation	Page 10	100
Other NHSL – small projects		28
Patient Wi-Fi		110
Small Grants 18/19		140
<b>Ward Funds</b>		
Numerous small projects		71
<b>Specific Funds</b>		
Haematology		1,300
Other specific fund expenditure		529
<b>Total grant making expenditure with NHSL</b>		<b>2,722</b>

## 17. ANALYSIS OF NET ASSETS ACROSS FUNDS

	Unrestricted Funds 2019	Restricted Funds 2019	Total 2019	Unrestricted Funds 2018	Restricted Funds 2018	Total 2018
	£000	£000	£000	£000	£000	£000
Tangible assets	11,120	0	11,120	11,120	0	11,120
Investments	38,407	30,081	68,488	35,915	28,259	64,175
Net current assets less long term creditors	2,255	(451)	1,804	2,214	(751)	1,463
<b>Net assets</b>	<b>51,782</b>	<b>29,630</b>	<b>81,412</b>	<b>49,249</b>	<b>27,508</b>	<b>76,757</b>



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**REGISTERED OFFICE**

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Edinburgh EH1 3EG

**SCOTTISH REGISTERED CHARITY NUMBER**

SC007342

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