



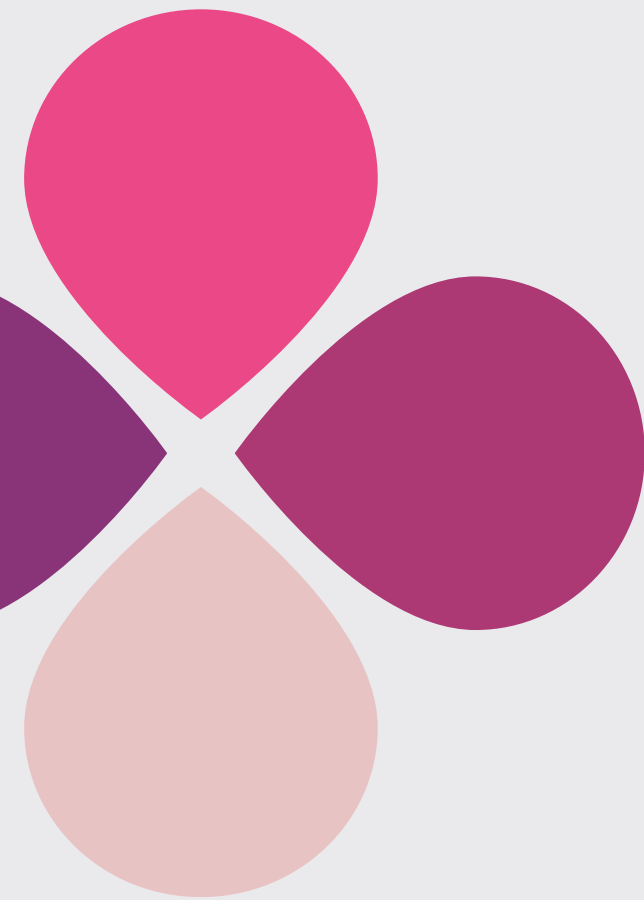
Edinburgh & Lothians
Health Foundation



Annual Report and Accounts

2020/2021

Scottish Registered Charity Number SC007342



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Welcome from our Chair

I don't think I am overstating things when I say that 2020/21 has been a year like no other. As COVID-19 spread across the globe, onto our shores and into our hospitals and communities, we found ourselves in a situation that was unprecedented in our lifetimes.

COVID-19 impacted our society in so many ways, separating us from loved ones and sending waves of panic and trepidation across the nation. Yet, in the midst of this upheaval, the public came together to support the NHS, and ensure that those who were caring for the influx of COVID-19 patients, were themselves being cared for.

As the official charity partner of NHS Lothian, Edinburgh & Lothians Health Foundation had a key role to play in channelling this support to where it was needed most, working with partners locally and nationally to provide a fast and flexible response to meet the ongoing and emerging needs of staff and patients, over and above what was being provided by NHS Lothian.

This report tells a story of amazing collaboration, of meaningful, value-adding partnerships, and of an organisation, a team, that has gone above and beyond to adapt to a new and fast-moving situation, always with an eye to the staff and patients, and the benefits that this additional support would bring. It also demonstrates how the Foundation continued to support existing strategic developments in the midst of all this upheaval, modifying its service delivery model to meet the requirements of this new world.

As we move to recovery and the post-pandemic phase, the need for the additional support provided by Edinburgh & Lothians Health Foundation to enhance what is provided through core NHS funding will be more important than ever.

The Foundation remains committed to supporting NHS Lothian staff, patients and their families, not just through this pandemic but beyond, to help address the ongoing impact that this virus will have on health and wellbeing across the whole region for a long time to come.

None of this work would be possible without the commitment and enthusiasm of the whole team, the hard work and dedication of our NHS colleagues, the support of their family and friends, the kindness and devotion of our volunteers and the generosity of all our funders, donors, supporters and partners. Together, their contributions help Edinburgh & Lothians Health Foundation make a huge difference to staff and patients in hospitals and communities across Edinburgh and the Lothians.

I would also like to take this opportunity to add my personal thanks to the team and the Trustees for all their hard work and for supporting me in my role as Interim Chair, with particular thanks to Michael Ash for his support and guidance, and for taking on additional responsibilities during the pandemic, and to Fiona Ireland, Carolyn Hirst and Patricia Donald for chairing the three advisory groups.

On behalf of all the Trustees, a final thank you to everyone who has contributed this year, we are incredibly grateful for your continued support.

ESTHER ROBERTON
INTERIM CHAIR



I am so grateful to the Health Foundation for the kind donation of the benches. All the staff are really feeling the benefit of being able to sit comfortably during breaks."





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 Greenspace 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.



Trustees' Report



STRATEGIC REPORT

Achievements and Performance

Nobody could have predicted the events which so profoundly impacted the Foundation and the communities it serves during 2020/21. At the start of the year, we reshaped our funding programmes and priorities, and our governance processes, in order to respond to a national emergency and global pandemic. Across the following pages this report highlights how the Foundation supported the monumental effort of the dedicated staff teams of NHS Lothian and other partners to manage the unprecedented challenge of COVID-19.

During the year we committed £5.803m in charitable expenditure (£5.980m in 2019/20).

£2.3m

to COVID-19 related causes supporting both patients and staff

£319k

to continue our commitment to Arts in Health and Wellbeing

£250k

to embed NHS Lothian's Volunteering Well strategy

£121k

towards Standing Grants programmes including the Elsie's, Celebrating Success, enhanced patient Wi-Fi and the Queen's Nurse Programme

£100k

to invest in Greenspace and Health in Lothian

£50k

to develop NHS Lothian's Staff Wellbeing Strategy, Work Well

£159k

to other Grant Programmes including Small Grants

£1.8m

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 2020/21

In late March 2020 the Coronavirus pandemic necessitated an urgent review of operational, strategic and governance activity, which affected the Foundation in 2020/21. Our published plans for 2020/21 were reflective of this fast-moving situation.

STRATEGIC AIM 1:

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

What we achieved

- Appointed a Head of Programmes to the Senior Management Team to lead the grantmaking and funding delivery, including the allocation of funds and grants received as a result of the COVID-19 campaign.
- Commissioned Kamwell to produce 'Work Well', a comprehensive strategic framework to provide a routemap for future investment in NHS Lothian staff wellbeing. In addition, as a result of successful COVID-19 fundraising, we committed over £1m to staff wellbeing.
- We redeployed our Programmes team as a Rapid Response unit to support the increased demand for grant funding to support patients, volunteers and staff during the COVID-19 pandemic.
- Our planned Capital Grants Programme, focused on community health, was redistributed to the COVID-19 emergency response and recovery.

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

- Due to the impact and increased operational workload caused by COVID-19, we postponed the planned review of our General (Unrestricted) Funds.
- Pressures of COVID-19 on clinical services made the formation of the Edinburgh Cancer Centre Funds Committee a lower priority, and work on this was largely paused.
- Streamlined all our fund disbursement processes to prioritise and speed up COVID-19-critical spend. We also introduced a fund steward budgeting programme.
- Used the COVID-19 Rapid Response Fund to compensate for the high level of COVID-19-driven spend from active funds. The reduction of number of funds was not prioritised due to the additional pressures of COVID-19.

STRATEGIC AIM 3:

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

What we achieved

- We are in the final stages of the sale of Stenhouse Market Gardens, the Trustees' landholding next to the Liberton Hospital.
- Following a review, we agreed to significantly increase our holding in the Charities Responsible Multi Asset Fund (RMAF) Fund, in line with our ethical and responsible Investment Policy.
- Recruited to Phase 2 of the planned Fundraising Team, appointing a Planned Giving Manager, Trusts Officer and Database Manager.
- We launched the NHS Lothian COVID-19 Appeal, which has raised more than £1.5m to date to support NHS Lothian staff and patients impacted by COVID-19.
- Due to COVID-19 many training and development opportunities across NHS Lothian and the charity sector were curtailed, with some moving to online delivery.



STRATEGIC AIM 4:

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

What we achieved

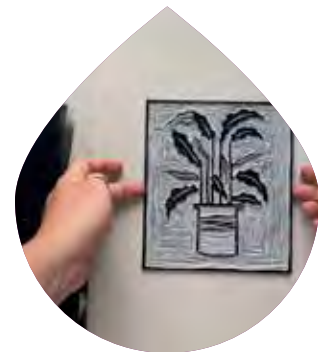
- Completed the biennial review of our corporate governance documents, adding a Freedom of Information and Whistleblowing statement. All our key policies are published on our website.
- Inducted six new Trustees as they joined Lothian Health Board, and appointed a new Chair of the Charitable Funds Committee.
- We also uncoupled the role of Trustee chair as an assumed function of the NHS Board Chair, and appointed an interim Chair of Trustees until both roles can be substantively filled in 2021.
- Created a temporary Emergency Management Board to uphold appropriate governance structures in response to the COVID-19 pandemic and Rapid Response Fund (now-disbanded).
- We worked closely with NHS Charities Together and key partner organisations to formulate funding applications and deliver projects and secondary grant programmes following NHS Charities Together's national campaign.

STRATEGIC AIM 5:

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

What we achieved

- Executed a responsive marketing and communications strategy in response to COVID-19.
- Refreshed our website, including greater support of fundraising activities, donor stories and project-related case studies.
- Tonic Arts, our Arts in Health and Wellbeing programme, was soft launched during the year, including a microsite with multimedia content. A public launch was not possible due to COVID-19.
- Reviewed reserve levels but postponed publication of our policy until after the new strategy is agreed.





The Foundation's Response to COVID-19

The last year has been an incredibly challenging time for the whole country – and the most extraordinary period in the history of the NHS.





So much has changed since March 2020. Not least in our hospitals, where our remarkable NHS colleagues have fought COVID-19 head on – and in doing so, saved countless lives – but also in our communities, where our healthcare teams have adapted and transformed their working practices in order to continue to deliver essential services and prevent our hospitals becoming overwhelmed as infection rates continued to rise.

There are many who have played an important role in supporting our NHS Lothian staff and patients through these unprecedented times. As the official charity of NHS Lothian, the Foundation had a hugely important role to play in ensuring that we provided a means of channelling this outpouring of kindness into vital provision, enhancing the NHS Lothian response to the pandemic by providing support for projects and activities that would help look after the mental and physical health and wellbeing of staff and patients during this global health emergency.

Providing a helping hand at an important time

As soon as the first official lockdown started on 23 March 2020, we were immediately flooded with donations and offers of support. Colleagues from across the Foundation came together to form a Rapid Response unit to help manage and co-ordinate the requests for support from staff, and match up the generous donations of gifts in kind from businesses and the local community to those areas that would benefit most from them.

In March 2020, we also launched our NHS Lothian COVID-19 fundraising appeal. At that time, we had no idea how much both our local appeal and the nationwide appeal through NHS Charities Together would capture the support of the public.

Thanks to supporters up and down the country, our COVID-19 Appeal has raised over £1.5m to support those at the centre of this crisis, including almost £1m in grant funding from NHS Charities Together.

From the everyday to the transformational

From the very start, we were guided by staff on where their areas of greatest need were, so that we could respond quickly and flexibly to the ever-changing situation.

Immediate requirements focused heavily on improving environments and lifting spirits for both staff and patients alike. Often, these were small, everyday items, but these small things made a big difference during that initial first wave.

As the situation developed, we also began to receive applications for projects where staff were looking to explore new and innovative ways to deliver care while restrictions were in place, ensuring they continued to be there for their patients during these tough and testing times.

Work is also continuing with colleagues across NHS Lothian, as well as strategic partners, locally and nationally, to support longer-term, legacy projects that will help address the ongoing physical and psychological needs of both staff and patients and help our hospitals and communities recover and rebuild for the future. These projects are outlined in more detail on page 22.

Beyond COVID

The incredible toll that this virus has taken on everyone across the nation cannot be underestimated, and this impact will be felt for a long time to come. The resilience of our NHS Lothian colleagues and their ability to bounce back from the prolonged exposure to the effects of the virus, both emotionally and physically, will be absolutely essential as we look to the future and the lasting impact of COVID-19 on their health and wellbeing.

The months and years ahead will be difficult and the support from NHS charities like us will be crucial as our health service recovers from the most challenging period in its history. We will continue to work with colleagues and partners to ensure that staff, patients and their families have the ongoing support they need as we move into recovery and the post-pandemic phase.





To date, we've committed over £2m to help NHS Lothian respond to COVID-19. This includes:

STAFF



£500k

to ensure every NHS Lothian site has a permanent wellbeing space where staff can relax and recharge before, during and after long and busy shifts



£400k

to provide mental health and wellbeing support for NHS staff through a Psychological Therapies service



£100k

to help provide wellbeing support to care home staff to help mitigate the emotional trauma of COVID-19



£90k

to purchase and install secure bike racks at main hospital sites, to support active travel, with £90K match funding pledged by Sustrans



£50k

to facilitate the development of a staff wellbeing strategy to support the ongoing physical and mental health needs of staff



£34k

to enhance the staff listening service for staff who were under extreme pressure by funding an additional Spiritual Care Coordinator



£21k

to supply hot food vending machines on the larger sites to help keep staff nourished during long and busy shifts



£18k

to support accommodation costs for staff who were self-isolating from vulnerable family members



£6k

to provide coffee facilities at four main sites for night shift staff to ensure they had hot drinks when canteens were closed

PATIENTS



£164k

to support communities across Edinburgh and the Lothians who may be adversely affected by the move to more online health services



£150k

to support the production of tailored information for patients who are returning home, helping them and their families better understand and manage the impact of their illness on their day to day lives and reduce the anxiety of being discharged



£85k

to support young people across Edinburgh and the Lothians who are facing increased mental health issues as a result of the pandemic, providing the right support at a time when they need it most



£50k

to support Community Taskforce Volunteers provide one-off, adhoc assistance to people across the community with practical tasks and to help improve people's circumstances



£50k

to support research into the effects of COVID-19 on cancer patients



£12k

to explore and evaluate the benefits of family diaries for intensive care or end of life patients in supporting communication and emotional needs during visiting restrictions



£8k

to purchase shopping vouchers to enable volunteers to buy essentials for patients that would normally be dropped off by visitors



5,000+

Arts and activity packs purchased, created and distributed to help reduce boredom, anxiety and depression and keep their minds stimulated during hospital stays



130+

tablets, phones and devices purchased to help patients stay connected with loved ones while visiting restrictions were in place



Strategic Programmes



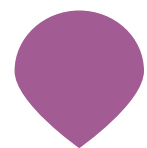
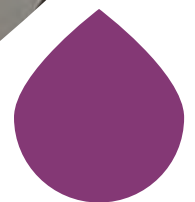
As part of our rolling five-year strategy, we continued our long-term investment into a range of funded programmes in 2020/21. These strategic programmes are based on thematic long-term priorities set by the Foundation.

Arts in Health and Wellbeing

Our strategic Tonic Arts programme enriches the experience and enhances the environments of NHS Lothian. We use creativity to improve and support the health and wellbeing of staff, patients and visitors through the provision of arts and creativity in the healthcare environment, by conserving the artistic assets of NHS Lothian and by supporting a culture in which the arts are valued across the service.

During this year, we have enriched the experience through:

- Coordinating the design, creation and distribution of 5,000+ COVID-19 Arts and Activity packs to priority patient groups across hospitals and the community.
- Coordinating the donation, purchase and distribution of hundreds of tablets and mobile devices across NHS Lothian, enabling virtual visits to patient families during lockdown.
- Commissioning and promoting Art Tutorial Wellbeing Videos, created by Tonic Arts Collection artists for staff and patients during lockdown.
- Overseeing the delivery of over 1,000 remote ward sessions by partner organisations such as Artlink and Media Education, engaging with over 800 patient participants.
- Developing programmes in new art-forms such as film, digital and dance, and collaborating on projects such as Common Thread – NHS Voices in a Time of Crisis, a filmmaking project showcasing NHS Lothian staff, and 360 Visions, a creative programme of film, theatre, storytelling and music with NHS Lothian Equalities Networks.
- Initiating a Tonic Arts Partners (TAPs) staff network across NHS Lothian.
- Coordinating a series of exhibitions across NHS Lothian sites, including COVID-19-themed displays at the Royal Infirmary of Edinburgh and St John's, and a Life Under Lockdown film and exhibition at the Western General Hospital.
- Continuing to install new commissions in East Lothian Community Hospital, and commissioning new programmes of artworks for Edinburgh Haematology Centre and Renal Dialysis Departments at the Western General Hospital.
- Working with the Royal Scottish Academy to provide an Art Collection service to staff across NHS Lothian.
- We celebrated the opening of the Department of Clinical Neurosciences and the Royal Hospital for Children and Young People, where we funded £2m of enhancements through a programme of Art and Therapeutic Design.





Greenspace and Health

Working with partners across the Lothians to support NHS patients, staff and communities to make the most of the Greenspace on their doorsteps as a means of improving their health and wellbeing.

During 2020/21 we embedded the Greenspace and Health programme at key sites across NHS Lothian and developed relationships with a network of enthusiastic staff and partners. The COVID-19 pandemic brought into focus the role that Greenspace plays in enhancing our health and wellbeing. We have supported NHS Lothian to understand what is available across the estate and supported plans for enhancement.

Throughout the year, responding to the pandemic, there has been a growing recognition of the need for a green recovery. The Greenspace and Health programme has highlighted the opportunities that exist and important role of the health and care sector in utilising and developing these. We are now well placed to take action to make sure that we make the most of our greenspace as a health asset.

During the year we have:

- Commissioned the first Biodiversity and Climate Change Audit of any NHS board in Scotland. This work aims to calculate the value of NHS Lothian's Greenspace as climate change and health assets.
- Developed key relationships at major NHS sites to integrate Greenspace development into master planning activities. This has led to the first Greenspace and Urban Realm Strategy for the Western General Hospital.
- Worked with third sector partners to support NHS staff to deliver Greenspace enhancement in response to COVID-19. There are now ongoing projects across NHS Lothian to develop garden spaces for both staff and patient use.
- Connected with over 200 individuals and organisations to facilitate the development of NHS Lothian's green health prescribing response to COVID-19.





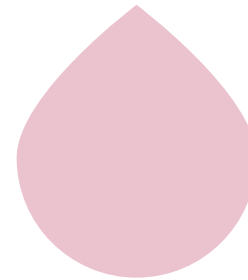
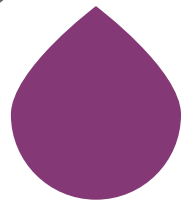
Volunteering Well

NHS Lothian leads the way among Boards in Scotland with its approach to volunteering, thanks to our investment, through the delivery of its highly innovative strategy, Volunteering Well.

Volunteering Well sets out a vision for volunteering within NHS Lothian that is transformational for all – beneficiary, volunteer and community. This is being achieved through demand-led recruitment approaches, standardisation and enhancement training, and support and innovation in role design.

Highlights of the year include:

- 1,359 NHS Lothian volunteers have contributed their time in the year 2020/21.
- 531 NHS Lothian volunteers have been placed and are making a weekly commitment of two or more hours a week. 110 volunteers currently have more than one placement.
- 353 young people under 25 volunteering in 2020/21, earning Young Scot Points and Duke of Edinburgh Awards. The Youth Ambassador programme has supported our Twitter campaigns and alongside the Volunteer Reference Group has helped shape the development of NHS Lothian's volunteering offer. The COVID-19 youth volunteers also won the Volunteering Award at the 2021 Young Scot Awards, dedicating over 17,000 hours of time to support NHS Lothian during COVID-19.
- Volunteer training opportunities were redesigned and expanded to include interactive group training delivered online. The recruitment and selection process was also adapted to be successfully implemented using remote technology. 372 potential volunteers have participated in the new online course since August 2020.
- Virtual training programmes were offered and completed by 410 volunteers at virtual sessions in dementia awareness, mindfulness, intelligent kindness, carer awareness, mealtime assistance, and communication, alongside 101 attendances at socially distanced resuscitation training.
- An annual impact survey was introduced to enable a better understanding of outcomes for volunteers: 77.9% of volunteers participating reported an increase in personal, social or professional confidence, 74.9% reported an improvement in mental wellbeing and 82.4% reported an improvement in skills or knowledge.
- The volunteering pages of NHS Lothian's website have been significantly improved with updated information, volunteer stories and searchable vacancy section added, further facilitating the demand-led recruitment approach.
- We worked with third sector partner Volunteer Edinburgh to continue to deliver both in-patient and public volunteering opportunities at the 'Volunteer Hub' at the Royal Edinburgh Hospital. The Volunteer Edinburgh team also supported a number of pandemic related initiatives at the site, including a patient shopping service and staff vaccination clinics.





Staff Health and Wellbeing

This year, the COVID-19 pandemic has impacted staff health and wellbeing in a dramatic way. NHS Lothian employs over 26,000 people, whose own wellbeing at work is an important part of the Foundation's mission.

We have supported multiple new initiatives this year and invested more than ever into staff wellbeing. In partnership with national charity NHS Charities Together (NHSCT), the Foundation co-invested in a number of wellbeing programmes, including a psychological staff therapy service, a patient-focused health information service and a community-based volunteer support initiative with third sector partner Volunteer Edinburgh. In response to overwhelming feedback from NHS Lothian staff we also were able to launch a Wellbeing Spaces programme. The programme offered grants to every NHS Lothian site to create a permanent wellbeing space for staff, promoting improved access for staff to get much needed rest and recuperation.

Our Microgrants programme, managed by the Healthy Working Lives representatives have provided many small grants (up to £500) to those staff who have an idea that could support and promote health and wellbeing.

The Foundation invested in the commissioning of a Wellbeing Strategy, Work Well, for NHS Lothian, with the purpose of building a healthier and happier culture for staff. During a year where staff were faced with great challenges as a result of the pandemic, there was also time to reflect on staff survey data and to prioritise staff health and wellbeing. The formulation of the new three-year Work Well strategy was completed and is set to be delivered for NHS Lothian staff in 2021/22 and beyond.



Addressing Digital Exclusion and Health Inequality

We also launched the Edinburgh & Lothians Health Foundation Connecting Communities Fund, in partnership with the Scottish Council for Voluntary Organisations. The Fund was focused on supporting identified marginalised groups to get online. During a year of health services and more critical information moving online, the inequalities of digital exclusion became more evident than ever for certain groups in society. The Fund aims to work with multiple partners in Edinburgh and the Lothians, including those from the third sector and health and social care partnerships and will continue to be delivered until the end of 2021.





Standing Grants

During 2020/21 Trustees continued to support 2019/20 annual grants. This recognised the additional support required by these important programme areas during the COVID-19 pandemic. These programmes are designed to support and celebrate staff and vulnerable patient groups. During 2020/21 we supported the following Standing Grants:

THE ELSIE'S: DEDICATED TO STAFF DEVELOPMENT, IN HONOUR OF EDINBURGH DOCTOR AND SUFFRAGIST DR ELSIE INGLIS.

The Elsie Inglis Award scheme is run by NHS Lothian's Workforce Development team to create individual staff training opportunities to enhance and develop the learning potential of all staff. Funding is provided to individuals to attend conferences or take part in identified learning opportunities. The focus of the scheme has been to encourage staff to influence and drive their own learning. During 2020/21 staff were supported with training and qualifications across Admin Services, Nursing/Midwifery, Therapeutic Services and Allied Health Professionals. In addition to this, for the first time, the Elsie's fund also delivered group training in areas such as Excel and Minute Taking, providing over 140 employees from over 12 function areas with greater confidence and upskilling in their role.



THE QNIS QUEEN'S NURSE PROGRAMME: SUPPORTING THE LOTHIAN AWARDEE(S) WITH AN ORGANISATIONAL GRANT.

The Queen's Nurse title is awarded annually to twenty selected community-based clinical leaders across Scotland. Awardees undertake an intensive nine-month development programme which is designed to enable them to become catalysts for change in their communities. 2020 saw a further two candidates who were supported by the Foundation complete the programme with flying colours and be awarded the title of Queen's Nurse. We will continue to support the Programme in 2021, with two further Queen's Nurse awardees from Lothian, a District Nurse and an Alzheimer Scotland Dementia Nurse Consultant.

THE CHIEF EXECUTIVE'S FUND: DISCRETIONARY FUND SUPPORTING PROJECTS ACROSS A WIDE RANGE OF PROJECTS.

During the year the Chief Executive's Fund supported a Joy in Work programme providing resources and encouraging the workforce to truly thrive, not just strive. This programme was added to NHS Lothian's staff engagement and experience framework in order to improve the staff experience, especially during the particularly challenging COVID-19 pandemic. The Joy in Work programme was designed to support staff and to recognise the evidence that good staff experience helps to create an enhanced patient experience.

ENHANCED PATIENT WI-FI ACROSS NHS LOTHIAN.

Offering high speed patient Wi-Fi at key sites across NHS Lothian continued this year and has proved invaluable due to the visitor restrictions put in place during the COVID-19 pandemic. Patients have been thankful to have had access to Wi-Fi to stream video calls to loved ones that for many was a lifeline.

LOTHIAN & EDINBURGH ABSTINENCE PROGRAMME (LEAP) FAMILY PROGRAMME.

The LEAP family programme was funded in 2019/20 and continued to receive funding in 2020/21 for the rehabilitation treatment for those with substance dependence use who want to achieve a substance-free recovery. During the year, two of LEAP's previous members became advisory members of the Scottish Drugs Death Taskforce, representing families with lived experience of addiction, family recovery and providing meaningful input into efforts of prevention and harm reduction. In addition, three family group members have got involved in developing practice and support for Scottish Families Affected by Alcohol and Drugs (SFAD). A LEAP facilitator also started working with services across East Lothian supporting children and families affected by substance misuse.



Other Grants Programmes



Small Grants

The Small Grants Programme was established to offer support to those areas which do not receive donated funds, and remains very popular both in acute settings and for community-based services. The funding of Small Grants enables staff to deliver a wide range of projects with clear patient benefit.

We awarded over £130,000 in small grants between £500 - £5,000 and funded 86% of all the applications we received for support. Of the 14% not funded under the small grants fund, many were diverted to our COVID-19 Rapid Response fund or to other more appropriate funds.

Highlights of the year's projects include:

- Yoga sessions for the patients of the St John's Hospital Mother and Baby Unit
- A drop-in style cafe for the Midlothian Substance Misuse Service
- Resources to reduce anxiety for children with additional support needs in the Howden Centre Dental Clinic
- Improved patient experience and increased accessibility to self-managed rehabilitation through the development of the Heart Manual Relaxation app
- Art Therapy activities for veterans supported by Veterans FirstPoint



Specific Funds



Specific Funds are held for purposes relating to NHS Lothian hospital wards, clinical departments and areas of clinical research. Most of our supporters direct their donations and fundraising towards a particular area because of a personal link. Legacy donations are also received with a specific intended purpose.

A Steward oversees each fund, directing expenditure which improves the patient and carer experience, and is specifically targeted towards that fund's purposes (such as the purchase of equipment, patient amenities, refurbishment or staff development). During 2020/21, £2.880m was received to the specific funds in voluntary and investment income (2019/20: £1.939m), and a total of £3.619m was spent on charitable purposes (2019/20: £4.164m). Highlights of the year's projects include:

- A significant technological project to improve patient and staff experience at the Oral Health Service (OHS) Edinburgh Dental Institute Laboratory secured funding of £413,000 from a generous legacy donation. The new transformational digitisation project aims to enhance the patient experience and staff working conditions. New digital scanners will replace traditional impression mould methods and 3D printing techniques will be introduced to replace conventional methods for making models and appliances. A 3D scanner will also be introduced to convert existing physical models into digital scans, providing a range of new development and learning options for patients and staff. This innovation would not have been possible without the investment of the endowment.
- Approval for £157,496 from the Breast Cancer Institute Fund was granted for a groundbreaking research project which aims to significantly improve clinical practice and breast cancer management. The self-contained unit at the Western General Hospital treats more than 20,000 women annually and diagnoses and treats about 840 breast cancers each year.
- An Art redesign of the Western General Hospital's Dialysis unit was approved from the Medical Renal Unit Fund and CEG Wright Scanner Fund for £97,340. The Foundation's Tonic Arts team supported the planning and execution of delivering the transformed unit for patients.
- A pilot study was approved for £14,500 from the Scottish Liver Transplant Unit Fund to study the causes of acute liver failure in the Scottish population.
- Throughout the year 2020/21, a total of £1,618,299 was awarded to 39 new proposals from NHS Lothian.



Grants in Response to COVID-19

New funding was made available during the year to support existing and new initiatives that came about as a result of the COVID-19 pandemic. We were able to support various funding plans to respond to the increasing demand for more urgent patient and staff needs. Critically, we received overwhelming support from the public's fundraising efforts through our own local NHS Lothian COVID-19 appeal, as well as through the national charity NHS Charities Together. As a member, we were able to benefit from these funds raised nationally to deliver new and urgent services across NHS Lothian.



- Through NHS Charities Together and through our own local fundraising appeal, we were able to raise over £1.5m in order to respond to the unfolding crisis.
- We were able to approve the launch of a Psychological Therapies Staff Service that will support the whole workforce to cope through and recover from the extraordinary events of 2020/21.
- Following the popularity of the pop-up wellbeing spaces that were created during the first peak of COVID-19, we were able to create an opportunity for over 140 NHS Lothian sites to gain access to funding to create a permanent wellbeing space, to promote rest and recovery, and encourage general wellbeing for all employees.
- We launched a micro-grants digital inclusion fund with third sector partners, Scottish Council for Voluntary Organisations, to ensure marginalised groups of society in Edinburgh and the Lothians can get access to critical health information using digital tools and local expert support and advice.
- We continued partnering with the third sector to reach communities who needed more support during the pandemic. We partnered with Volunteer Edinburgh on their Community Taskforce Volunteer initiative to provide one-off adhoc assistance to people across the community with practical tasks and to help improve people's circumstances. Over 500 volunteers were able to help the local community with things such as going to the shops, walking the dog, having medications collected or assisting the NHS Audiology Department every week by delivering repaired hearing aids back to people. This support was invaluable to people who were shielding during COVID-19 or deemed a vulnerable patient group.
- We invested in technological innovations to help patients transition from hospital to home after being treated in hospital for COVID-19. Through the development of a new software that enabled clinical staff to create a personalised set of digital slides, called 'Tailored Talks', patients could understand and manage their ongoing health needs from home. Once at home, Chest, Heart and Stroke Scotland community workers were able to use these slides with the patient to provide enhanced care at home.
- In recognition of the particularly traumatic experiences of care home staff during the year, we approved the pilot roll-out of a new programme of Online Supportive Conversations and Reflections (OSCaRS) for care home staff. This new concept supported staff with tools such as reflective after-death debriefing tools to help with the complex and emotionally challenging issues care home staff were faced with. The impact of this programme could have a significant future impact on all care homes across Lothian and potentially Scotland.
- By the end of the year, we were able to respond to mounting research about the increased decline in mental health issues amongst young people during the pandemic. We approved funding for a new pilot service in Lothian and a first in Scotland, called Youth Navigators. A partnership between NHS Lothian and charity Medics Against Violence, placed a team of trained youth workers within the Emergency Departments of the Acute Receiving Unit at Royal Hospital for Children and Young People and St John's Hospital, Livingston.



Fundraising

“Thank you NHS for all you have done in the battle against COVID-19, we all appreciate the sacrifices you make and the risks you take to help save lives.”

NHS Lothian COVID-19 Appeal Donor

At the end of March 2020 we launched our NHS Lothian COVID-19 Appeal in response to the public, business and community groups wishing to show their thanks, support and gratitude to our NHS key workers during the COVID-19 pandemic.

From head shaves, online exercise classes, telling jokes, walking or running, painting stones, taking doorstep photographs and even dressing up as dinosaurs; our fundraisers rose to the occasion to show their support.

We also launched our first Foundation-led event, Rainbow Walk, to help our supporters get out, get active and show their support in a fun and colourful way.

With many of the much-loved events cancelled this year, organisers also took the opportunity to keep that community spirit going by putting on virtual events such as the Virtual Kiltwalk and the Virtual Edinburgh Marathon Festival.

Sir Capt. Tom Moore was an inspiration to us all and thanks to his enormous fundraising efforts we were able to receive significant support from NHS Charities Together for our NHS Lothian COVID-19 Appeal.

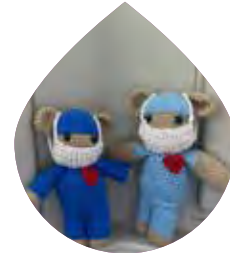
Our community of donors and fundraisers made sure that we could support our NHS colleagues and patients when they needed us most and to continue to support them in the future.

Thank you to every single person who set themselves a challenge, sponsored a friend or made a donation.

We would also like to say thank you to the many businesses and groups who donated money or gifts to support our staff and to connect our patients with their families and loved ones.

With special thanks to:

Baillie Gifford
BaxterStorey
Hibernian Football Club
John Lewis
NHS Charities Together
Royal Bank of Scotland





It is fantastic that you are so flexible in responding to such diverse needs."



Financial Review

OVERVIEW

The Foundation's fund balances at 31 March 2021 were £87.617m (2019/20 £75.620m). The investment portfolio recovered strongly during the year following the drop in the valuation at the end of 2020 due to COVID-19 showing a positive return by £11.711m.

The Foundation's income in 2020/21 was £4.471m (2019/20 £4.383m), and expenditure was £6.375m (2019/20 £6.399m).

The Foundation's net assets increased to £87.617m (2019/20: £75.620m).

INCOME

Income 2020/21 remained steady showing a small increase overall on 2019/20 income levels. Voluntary income of £1.848m (2019/20 £2.182) was supported by an increase in grant income of £262k stage 1 grant funding from NHS Charities Together (NHSCT), however, income from legacies reported a decrease of £589k. Income from charitable activities of £797k in the year relates to stage 2 and 3 grant funding from NHSCT. Income from investments and property reported a decrease on 2019/20 levels of £375k.

Due to the support for the NHS during the COVID-19 pandemic we were inundated with donations of food, care packages, taxi services etc. As these were immediately distributed to grateful staff and patients these are not reflected in our accounts as they have no realisable value.

The Foundation's net incoming resources, after investment gains of £13.901m were £11.997m (2019/20 net outgoing resources were £5.792m).

EXPENDITURE

In 2020/21 Trustees approved £5.262m in charitable grants. Some highlights are described across pages 8-23 but for a full listing of our charitable grants go to www.elhf.co.uk

COSTS OF RAISING FUNDS

Investment management costs of £0.333m were slightly higher (2019/20 £0.330m). This aligns with the higher portfolio balance as fees are linked to the fund value.

BALANCE SHEET

The Foundation's net assets increased to £87.617m (2019/20: £75.620m). The year end position shows a net current liabilities position of £9.836m however this is due to a previous long term creditor due to NHSL of £11.4m which will now be paid in June 2021. See note 13 for more information.

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 in 2017/18. The sale completed on 11 June 2021. The final receipt and disposal costs are estimated to be materially consistent with the carrying value in these accounts of £7.6m. It is anticipated that the sale proceeds will be invested as part of our investment portfolio with Cazenove.

As a consequence of the sale a reduction in rental income is expected. However, through investment in fundraising and marketing, additional income will build over the next five years which will more than replace the drop in rental income.

Our internal audit reviews in 2020/21 gave Trustees assurance in their governance framework and activities going forward.

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.

During the year total reserves exceeded 38% and Trustees considered and agreed a distribution of excess realised gains of £7,219m across the unrestricted and restricted funds.

The balance of investment reserves (realised and unrealised) at 31 March 2021 was £26.695m (31 March 2020: £20.008m), at 31% slightly above the Foundation's acceptable risk threshold of 20% of the valuation of the portfolio.

INVESTMENT PERFORMANCE

The COVID-19 pandemic has proved a challenging time for all charities and resulted in a fall in investment valuations at the end of the prior year. However, investment valuations have recovered well during the year as the recovery from the pandemic continues, at least in the UK and the US. The portfolio has performed above the CPI+4% target over the 12 months.

The portfolio generated a return of 23.8%, ahead of the benchmark 21.3% for the year, and remains ahead of the benchmark over 3 years and since inception.

The first quarter of 2021 saw global equity markets rally from the March 2020 lows, with the US market reaching all time highs at the end of March 2021. The move away from defensive and growth sectors towards more economically sensitive areas continued, driven by growing momentum in vaccine rollout programmes, an improving earnings outlook and more attractive relative valuations.

The Responsible Multi-Asset Fund (RMAF) returned 26.8% which contrasts with the inflation plus 4% target of +4.4%. The Fund benefited from the marginally overweight equity allocation, during a positive period of continued risk asset outperformance.

**TABLE 1: EDINBURGH AND LOTHIAN HEALTH FOUNDATION INVESTMENT PERFORMANCE SUMMARY FY2021**

	Benchmark asset allocation (%)	Allocation as at 31 March 2021 (%)	Performance as at 31 March 2021 (%)	Allocation as at 31 March 2020 (%)	Performance as at 31 March 2020 (%)
Portfolio	100	100	23.8	100	-3.8
RPI + 4%			4.6		5.2
Benchmark*			21.3		-1.9
Equities	60	66	30.1	62	-4.7
<i>Composite Equity Benchmark*</i>			39.8		-7.7
Bonds	20	12	5.5	17	4.4
<i>FTA Gov All Stocks</i>			-5.5		9.9
Multi-Asset Funds			-		6.0
Alternatives (exc. Multi-Asset)	20	21	20.9	20	1.4
<i>UK 3-month LIBOR</i>			0.1		0.8
Cash	-	1	3.8	1	3.8

*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 £90.985m at 31 March 2021 (2019/20: £75.229m) of which £82.702m related to the Foundation (2019/20: £70.991m).

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 Foundation's specific requirements, particularly with respect to ethical and responsible investment, which cannot be met with sufficient proximity by pooled funds alone.

Ethical and Responsible Investment

During 2020/21 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 Foundation'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.

The Foundation also has an investment 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. During the year the Trustees agreed to increase the amount invested in this fund from £5m to £15m. During the year the Investment Managers attended meetings of the Charitable Funds Committee and presented to the Board of Trustees.



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 2020, and will be reviewed in 2023
- The Risk Management Policy is a reserved matter for Trustees
- Oversight responsibility for risk management is delegated to Charitable Funds Committee
- The Risk Register is reviewed as a standing agenda item by the Charitable Funds Committee
- The Senior Management Team has an increased role managing and evaluation operational risk
- Internal audit periodically reviews risk management systems and controls (most recently in 2016/17)

The principal risks and management strategies are summarised below.

GOVERNANCE & MANAGEMENT

Delivery of Grantmaking Strategy

2017-2022: COVID-19 seriously affected grant programmes, where certain activities could not proceed under lockdown. The Programme Team were temporarily deployed to deliver a COVID-19 Rapid Response Programme, returning to deliver postponed programmes later in the year.

Trustee Assurance: Significant

Residual Risk: Medium

Trustees / Corporate Governance Model:

Conflicts of interest arise due to inability of Trustees to pursue the Foundation's objectives 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 key documentation, policies and protocols, one-to-one Trustee induction and training opportunities.

Trustee Assurance: Moderate

Residual Risk: Medium

ECONOMIC & FINANCIAL

Budgetary Control and Financial Reporting:

Budgeted spend (commitments) impeded by inability to influence progress on NHS Lothian projects; Specific or Ward Funds are not managed effectively by stewards and become dormant. Mitigating actions include improved financial reporting and management accounts, and new Specific Fund budgeting and steward engagement programme in development.

Trustee Assurance: Significant

Residual Risk: Medium

Investments: Poor portfolio management, lack of portfolio diversification or deriving income from unsuitable stocks resulting in reduced investment returns, loss of value or conflict with charitable purpose or mission. We mitigate against this with a clear

investment policy and mandate including balance and diversity within the portfolio, and have an Ethical and Responsible Investment policy.

Trustee Assurance: Significant

Residual Risk: Medium

OPERATIONAL & EXTERNAL

Fundraising: Delays to appointing fundraising team will risk the ability to recruit or retain donors. COVID-19 caused a sudden increase in NHS Charities' visibility, any new income restricted to COVID relief, away from priority campaigns. In mitigation the team has built high levels of social media engagement to demonstrate impact and retain support.

Trustee Assurance: Significant

Residual Risk: Medium

Reputational Risk: Poor performance or impact across NHS Charities under greater profile and thus scrutiny against a backdrop of third sector losses, causing loss of donor confidence and voluntary income. In mitigation the Foundation maintains a robust governance framework, and a knowledgeable and experienced leadership and specialist staff.

Trustee Assurance: Significant

Residual Risk: Medium

Working Environment: Unable to provide a suitable working environment for the growing team post lockdown caused by a significant reduction in NHS Lothian's capacity, affecting staff morale, health and wellbeing, and impacting further recruitment. In temporary mitigation, team supported with equipment for home working and regular socialising activities.

Trustee Assurance: Limited

Residual Risk: Medium

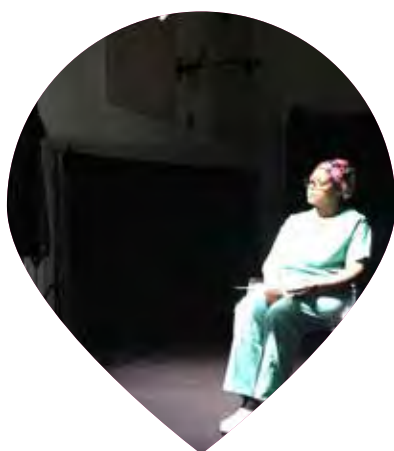
COMPLIANCE & REGULATORY

No risks were identified



Our Plans for 2021/22

The Coronavirus pandemic greatly affected our planning cycle; the development of our new strategy was postponed and our focus was inevitably drawn to the unfolding emergency response and recovery from COVID-19. The consultation on the new strategy has already commenced, and we plan to launch the strategy during 2021/22 including a transition twelve months across our programmes.



STRATEGIC AIM 1:

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

- 2021/22 will mark a year of transition between our previous grantmaking and funding programmes into our new Strategic Plan 2021-26. We will continue therefore, to invest in our strategic programmes, standing grants and other programmes for a further 12 months.
- We will use funding provided by NHS Charities Together to develop our impact evaluation capacity. This is in addition to our own scheduled review of both our Arts in Health and Wellbeing and Greenspace and Health programmes.
- The launch of the Work Well Strategic Framework for NHS Lothian, funded by Edinburgh & Lothians Health Foundation, will provide a starting point for consolidating our investment in staff wellbeing, in line with our new strategy.
- Year 5 of the Capital Grants programme, committed to Children and Young People has been postponed to 2022/23, due to the delays to opening the new hospital to March 2021.

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.

- As part of a financial review, we plan to consider the status of our General (Unrestricted) Funds and consolidate where appropriate.
- We will launch a new procurement system to improve and streamline our fund stewards' access to the equipment and amenities they need to enhance the patient experience and improve clinical outcomes.
- We plan to renew our efforts to reduce the number of duplicate and dormant funds to ensure donated funds are targeted to achieve maximum effect.



STRATEGIC AIM 3:

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

- Our planned financial review will consider the benefit of directing investment income and realised gains to our General (Unrestricted) Fund, to maximise impact across our strategic funding programmes and priorities in anticipation of the new strategy. The review will also reconsider our charitable reserves policy.
- We will form a new Investment Committee, bringing expert oversight to our extensive investment portfolio.
- We expect to complete the sale of the Trustees' property portfolio at Sciennes after the hospital vacates the site in March 2021, and in addition to agree the sale missives on Stenhouse Market Gardens at the Liberton Hospital.
- Our newly expanded fundraising team will build on the success of our fundraising, communications and marketing activities, including building on the relationship with our COVID-19 donors and fundraisers.

STRATEGIC AIM 4:

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

- We will induct, support and develop new NHS Lothian Board and committee members, to equip them with the knowledge and skills necessary to fulfil their role. In 2021/22, this will include the appointment of a new Trustee Chair and Charitable Funds Committee membership.
- We will continually develop our governance documentation and work towards the adoption of the Scottish Charities' Good Governance Code.
- We will continue to ensure the robust management and delivery of the funding programmes developed as a result of NHS Charities Together national campaign.
- As part of our new strategy, we will continue to empower our staff, supporting their wellbeing, learning and personal and career development.

STRATEGIC AIM 5:

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

- As we redesign our new website and review our brand, we will reflect on the increased visibility of the Foundation and NHS Charities in general, brought about by COVID-19.
- We will develop our regular newsletters for internal and external audiences, showcasing fundraisers, grants, service delivery and impact.
- To improve access to our funding, we will review the benefits of digitising our grants process.
- With continued status as an influential member of NHS Charities Together, we will capitalise on national visibility and sector awareness through impactful case studies, fundraising campaigns and broader press work.



Structure, Governance and Management

FOUNDATION'S OBJECTIVE

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 objective is the advancement of health, through the improvement of the physical and mental health of the people of Edinburgh and the Lothians, 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 Trustees.

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 2021, except where otherwise disclosed, are listed on page 32.

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 a member of NHS Charities Together 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. We are also registered with the Scottish Fundraising Standards Panel.



Trustees' Responsibilities

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 foundation 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 foundation 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 foundation 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 foundation and to prevent and detect fraud and other irregularities.

Approved by the Edinburgh & Lothians Health Foundation Trustees at their meeting held on 23 June 2021.

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:

Esther Robertson

23 June 2021

Susan Goldsmith

23 June 2021



Organisation

TRUSTEE BOARD

Brian Houston..(Chairman until 31/1/20)	Susan Goldsmith.....	Prof Alex McMahon.....
Esther Robertson(Chairman from 10/2/20)	George Gordon.....	Bill McQueen.....
Shamin Akhtar.....(from 24/2/21)	Martin Hill (vice-chair)	Dona Milne (from 1/6/21)
Michael Ash.....(to 30/4/21)	Carolyn Hirst.....	Alison Mitchell(to 30/4/21)
Calum Campbell(from 20/7/20)	Fiona Ireland	Derek Milligan.....
Prof Siddharthan Chandran..(from 1/2/21)	Alex Joyce(to 31/7/20)	Peter Murray
Martin Connor.....	Katharina Kasper.....	Fiona O'Donnell(to 23/2/21)
Tim Davison(to 19/7/20)	Prof Alison McCallum (to 7/10/20)	Tom Waterston..... (from 1/8/20)
Dr Patricia Donald.....	Angus McCann.....	Prof Moira Whyte (to 31/1/21)
Jock Encombe(from 1/1/21)	John McGinty.....	Dr Richard Williams.....
Tracy Gillies	Nancy McKenzie(from 1/1/21)	

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 £500k. There were four full Trustee meetings during 2020/21.

Trustees are usually served by one committee and two advisory groups. 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.

The Greenspace and Health Advisory Group is appointed to advise on the Greenspace and Health Strategy and associated budget, and the development of programmes and activities.

On 8th April 2020 Trustees approved a recommendation to temporarily establish an Emergency Management Board to meet the short-term governance obligations and operational continuity of the Foundation during the period of the Coronavirus COVID-19 crisis and response. The Board was stood down and folded into the Charitable Funds Committee in August 2020.

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)

Azets Audit Services Ltd
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

Bankers

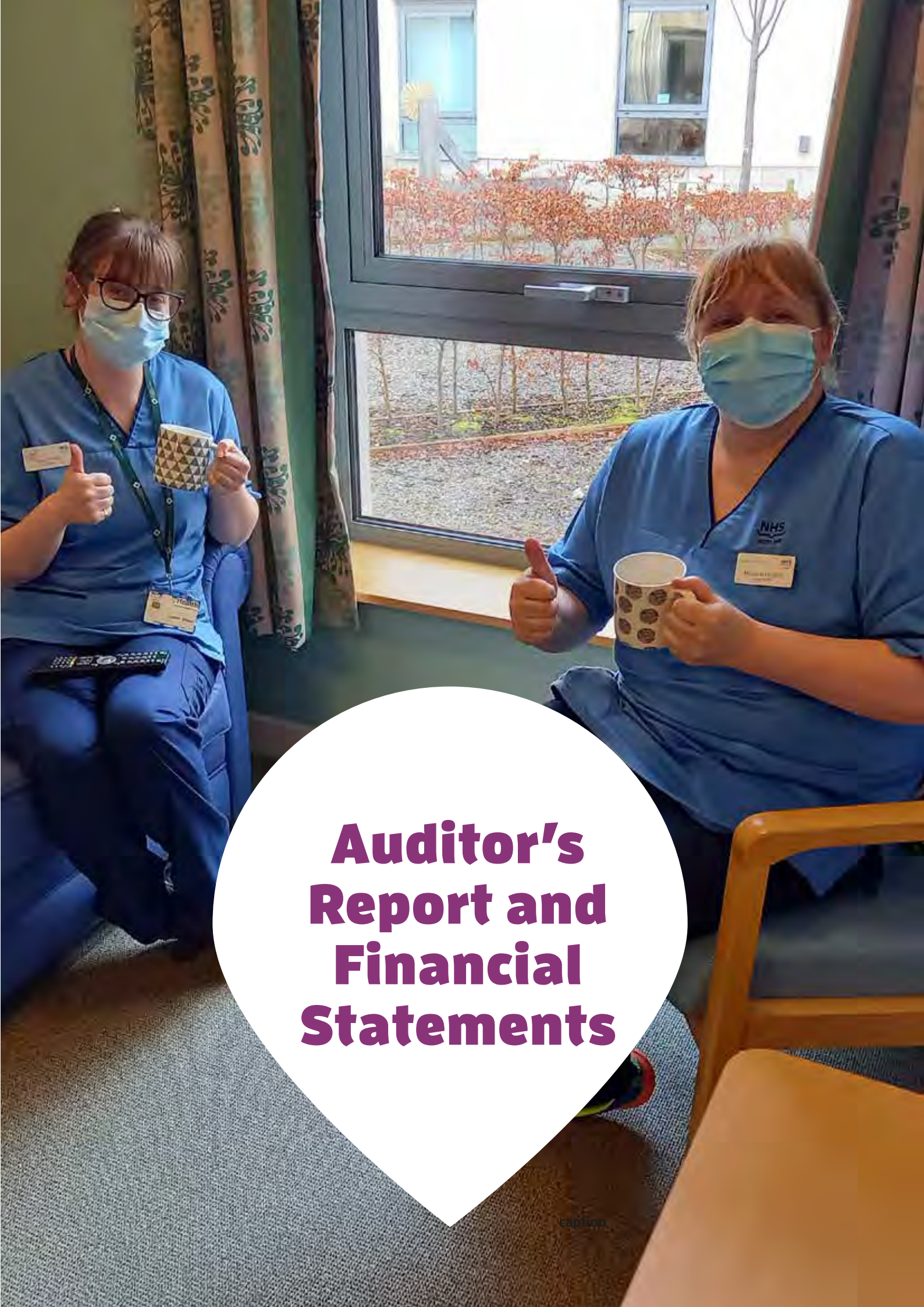
The Royal Bank of
Scotland plc
Commercial Banking
1st Floor, Gemini Building
24-25 St Andrew Square
Edinburgh EH2 1AF

Solicitors

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

STAFF

Jane Ferguson.....	Director
Patricia Irving.....	Head of Finance
Nicola Sinclair.....	Head of Fundraising
Sanjay Singh.....	Head of Funding Programmes
Rhonda Baillie.....	Payments Officer
Elaine Blaney.....	PA/Fundraising Assistant
Tumong Edwards.....	Community and Events Fundraiser
Diane Ellis.....	Comms & Marketing Manager
Maisie Fordwood.....	Assistant Accountant
Natalie Franks.....	Funds Administrator
Susan Grant.....	Arts Manager
Angela Gray... Arts, Participation & Engagement Manager	
Karl Harrison.....	Accounting Assistant
Ian Mackenzie.....	Green Health Programme Manager
Owen Siddalls.....	Grants Manager



Auditor's Report and Financial Statements



Independent Auditor's Report to the Trustees for the year ended 31 March 2021

Opinion

We have audited the financial statements of Edinburgh & Lothian Health Foundation for the year ended 31 March 2021 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 foundation's affairs as at 31 March 2021 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 foundation 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Report of the Trustees; 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 32, 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 Foundation'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 foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line

with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the Foundation'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 foundation'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 foundation and the foundation's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

23 June 2021

Azets Audit Services Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL



Financial statements

Statement of financial activities for the year ended 31 March 2021

		Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	NOTE	£000	£000	£000	£000	£000	£000
Income and endowments from:							
Donations and legacies	2	344	1,504	1,848	844	1,338	2,182
Charitable activities	3	-	797	797	-	-	-
Investments	4	1,247	579	1,826	1,600	601	2,201
Total		1,591	2,880	4,471	2,444	1,939	4,383
Expenditure on:							
Raising funds	5	348	224	572	250	169	419
Charitable activities	6	2,184	3,619	5,803	1,816	4,164	5,980
Total		2,532	3,843	6,375	2,066	4,333	6,399
Net gains/(losses) on investments							
		8,345	5,556	13,901	(2,220)	(1,556)	(3,776)
Net income/(expenditure)		7,404	4,593	11,997	(1,842)	(3,950)	(5,792)
Transfers between funds		1	(1)	-	(4)	4	-
Net movement in funds		7,405	4,592	11,997	(1,846)	(3,946)	(5,792)
Reconciliation of funds							
Total funds brought forward	15	49,936	25,684	75,620	51,782	29,630	81,412
Total funds carried forward		57,341	30,276	87,617	49,936	25,684	75,620

The Statement of Financial Activities includes all gains and losses recognised in the year.

All results relate to continuing activities.

Notes 1 – 19 on pages 39–50 form part of these accounts.



Financial statements

Balance sheet as at 31 March 2021

	NOTE	Total funds 2021 £000	Total funds 2020 £000
Fixed assets			
Investments			
Securities	9	82,702	70,991
Cash awaiting investment	12	3,446	174
Investment property	9	11,305	11,305
Total fixed assets		97,453	82,470
Current assets			
Short term investments	9	-	2,035
Debtors	11	373	1,502
Cash at bank and in hand	12	4,730	4,471
Total current assets		5,103	8,008
Current liabilities			
Creditors: amounts falling due within one year	13	(14,939)	(3,407)
Net current (liabilities) / assets		(9,836)	4,601
Total assets less current liabilities		87,617	87,071
Long term creditor	13	-	(11,451)
Financed by – charity fund total	18	87,617	75,620

Notes 1 – 19 on pages 39–50 form part of these accounts.

The Edinburgh & Lothians Health Foundation Accounts for the year ended 31 March 2021 were approved by the Trustees at their meeting held on 23 June 2021.

Mrs Susan Goldsmith

Trustee
23 June 2021

Ms Esther Robertson

Chairman of Trustees
23 June 2021



Financial statements

Statement of cash flows for the year ended 31 March 2021

	NOTE	Total funds 2021 £000	Total funds 2020 £000
Cashflows from operating activities			
Net cash provided by operating activities		144	3,459
Cash flows from investing activities			
Dividends, interest and rents from investments		1,826	2,201
Proceeds from sale of investments		20,314	16,337
Purchase of investments		(18,753)	(22,838)
Net cash provided by / (used in) investing activities		3,387	(4,300)
Change in cash and cash equivalents in the reporting period		3,531	(841)
Cash and cash equivalents at the beginning of the reporting period		4,645	5,486
Cash and cash equivalents at the end of the reporting period	12	8,176	4,645

RECONCILIATION OF NET INCOME TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2021 £000	2020 £000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	11,997	(5,792)
Adjustments for:		
Revaluation (gain) on revaluation of investment property	-	(185)
Revaluation (gains) / losses on investments	(13,272)	3,854
Dividends, interest and rents from investments	(1,826)	(2,201)
Decrease in debtors	3,164	8,289
Increase / (decrease) in creditors	81	(506)
Net cash provided by operating activities	144	3,459



Notes to the accounts

PRINCIPAL ACCOUNTING POLICIES

GENERAL INFORMATION

1.1 Basis of preparation

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the Foundation'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 30 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, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', published in October 2019, 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 foundation's constitution.

Edinburgh & Lothians Health Foundation meets the definition of a public benefit entity under FRS 102. 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 Foundation's financial statements unless otherwise stated.

Going concern

The Trustees are of the opinion that the Foundation 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 Charitable Funds Committee and reported to Trustees. The assessment of going concern includes the expected impact of COVID-19 to the entity in the 12 months following the signing of these financial statements. 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.

1.2 Income

Donations and grants are recognised once the Foundation 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 Foundation.

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 Foundation 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.

Gifts in kind are not accounted for where they will be accepted and immediately distributed as they have no realisable value.



1.3 Resources expended and recognition of liabilities

All expenditure is recognised when there is a legal or constructive obligation committing the Foundation 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 Foundation. 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 Foundation. 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 disability aids may be zero-rated for VAT purposes when purchased wholly from charitable funds.

The Foundation 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.

1.4 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.

1.5 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).

1.6 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.

1.7 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.

1.8 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.



1.9 Funds

Unrestricted funds are income sources which are receivable for the objectives of the Foundation 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.

1.10 Accrued income

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

1.11 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.

1.12 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.

1.13 Financial assets and financial liabilities

Financial instruments are recognised in the statements of financial activities when the Foundation 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 11 of FRS 102.

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 Foundation 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.

1.14 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.



**2. DONATIONS & LEGACIES**

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	£000	£000	£000	£000	£000	£000
Donations	194	785	979	265	724	989
Legacies	70	451	521	531	579	1,110
Grants	80	268	348	48	35	83
Total donations and legacies	344	1,504	1,848	844	1,338	2,182

3. CHARITABLE ACTIVITIES

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	£000	£000	£000	£000	£000	£000
Stage 2 grant – NHSCT	-	236	236	-	-	-
Stage 3 grant – NHSCT	-	561	561	-	-	-
Total charitable activities	-	797	797	-	-	-

In 2020/21, the Foundation received grants from the NHS Charities Together (NHSCT) COVID-19 emergency appeal.

4. INVESTMENT INCOME

	Unrestricted funds 2021	Restricted funds 2021	Total funds 2021	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	£000	£000	£000	£000	£000	£000
Listed equity investments	934	556	1,490	1,280	572	1,852
Schroder	-	22	22	1	24	25
Bank interest	1	1	2	10	5	15
Rental property	312	-	312	309	-	309
Total investment income	1,247	579	1,826	1,600	601	2,201

5. RAISING FUNDS

	Unrestricted funds 2021	Restricted funds 2021	Total Funds 2021	Unrestricted funds 2020	Restricted funds 2020	Total Funds 2020
	£000	£000	£000	£000	£000	£000
Investment management	203	130	333	197	133	330
Fundraising costs	145	94	239	53	36	89
Total raising funds	348	224	572	250	169	419



6. 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 2021	Restricted funds 2021	Total funds 2021	Unrestricted funds 2020	Restricted funds 2020	Total funds 2020
	£000	£000	£000	£000	£000	£000
Grant Making						
Grant funding of activities (note 7)	1,855	3,407	5,262	1,519	3,964	5,483
Support costs (Note 8)	262	170	432	237	160	397
Governance (Note 8)	67	42	109	60	40	100
Total charitable activities	2,184	3,619	5,803	1,816	4,164	5,980

7. 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 £5,262k of this the following institutions received grant funding above £100,000:

	£000
Institutional Grants	
NHS Lothian	2,796
University of Edinburgh	772
Other Organisations	1,694
Total	5,262

Note 17 contains more detail on the grant making expenditure with NHS Lothian.

**8. ANALYSIS OF SUPPORT & GOVERNANCE COSTS**

	Charitable Activities	Governance costs	Total 2021	Charitable Activities	Governance costs	Total 2020
	£000	£000	£000	£000	£000	£000
Salaries and related costs	357	63	420	319	56	375
External Audit	-	16	16	-	18	18
Rent/post/phone	75	30	105	78	26	104
Total	432	109	541	397	100	497

The Foundation Office costs in 2020/21 totalled £541,000 (2019/20: £497,000). This is represented principally by costs of thirteen NHS Board employees (2019/20 – ten). They work exclusively for the Foundation, providing a service Lothian-wide.

Two senior employee earned an emolument of more than £60,000 per annum during 2020/21, one being in receipt of salary in the band £90,000 to £100,000 (2019/20 – £80,000 to £90,000) and one being in receipt of salary in the band £60,000 to £70,000 (2019/20 – below £60,000). Employer pension contributions for the highest paid senior employee during 2020/21 were £18,811 (2019/20 – £18,420). Total employee benefits of key management personnel were £321,605 (2019/20 £229,228)

No Trustee received any remuneration or expenses from the Foundation during the year (2019/20 – none).

Azets Audit Services did not receive any fees for non-audit activities in 2020/21 (2019/20: £Nil).

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.

9. INVESTMENTS

	Investment Property 2021	Market Investments 2021	Total 2021	Investment Property 2020	Market Investments 2020	Total 2020
	£000	£000	£000	£000	£000	£000
Cost or valuation at 31 March 2020	11,305	70,991	82,296	11,120	68,361	79,481
Acquisitions	-	18,753	18,753	-	22,821	22,821
Disposals	-	(20,314)	(20,314)	-	(16,337)	(16,337)
Revaluation gain / (loss)	-	13,272	13,272	185	(3,854)	(3,669)
Valuation at 31 March 2021	11,305	82,702	94,007	11,305	70,991	82,296

The historic cost of market investments is £66,631k (2019/20 £63,299k).

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.

The Foundation (together with NHS Lothian) have concluded conditional missives on the joint sale of the RHSC / Sciennes estate. The sale completed on 11 June 2021. The final receipt and disposal costs are estimated to be materially consistent with the carrying value in these accounts of £7.6m.



10. 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 2021 the latest available valuation (April 2009) of the inventory was approximately £1,382,000. Valuations are ongoing by the Royal Scottish Academy and National Galleries.

11. DEBTORS

	2021	2020
	£000	£000
Tax recoverable	23	20
Prepayment & accrued income	350	1,482
Total	373	1,502

12. CASH AND CASH EQUIVALENTS

	2021	2020
	£000	£000
Cash at bank	4,730	3,456
Cash at investment manager	3,446	174
Notice deposits < 3 months	-	1,015
Total cash and cash equivalents	8,176	4,645

13. CREDITORS

	2021	2020
	£000	£000
Creditors due within 1 year		
Trade payables	174	-
Accruals	14,765	3,407
Total	14,939	3,407
Creditors due greater than one year		
Accruals	-	11,451
Total Creditors	14,939	14,858

£11.4m of the creditors falling due within one year relate to the agreed commitment in relation to the Haematology project, expected timeline of payment is June 2021. The equivalent was shown within creditors due after one year in 2020.

**14. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH NET INCOME**

	2021	2020
	£000	£000
Investments at fair value (note 9)	82,702	70,991

15. ANALYSIS OF SPECIFIC FUNDS

Hospital Specific Funds >£100k	Balance B/fwd	Income	Expenditure	Transfer In/(Out)	Gains / (Losses)	Balance at 31/03/2021
	£000	£000	£000	£000	£000	£000
St John's Hospital at Howden:						
Critical Care Unit (CCU) Endowment Fund	97	6	(7)	-	17	113
Oncology & Haematology Day Unit Fund	161	17	(5)	-	29	202
Martha Ritchie Cancer Care Fund	203	20	(61)	-	26	188
Western General Hospital:						
WGH Neurological Surgery Fund	465	21	(17)	-	81	550
Edinburgh Cancer Centre Fund	312	58	(69)	-	57	358
Stroke Research and Amenities Fund	82	21	(2)	-	14	115
Rheumatic Diseases Unit Fund	233	7	(45)	-	35	230
Edinburgh Centre For Neuro-Oncology	125	4	1	-	22	152
Microbiological Research Fund	102	3	(11)	-	17	111
J. King Urological Cancers Research	173	8	(22)	-	27	186
Head & Neck Cancer Research Fund	184	23	(6)	-	33	234
General Oncology Department Fund	583	20	(19)	-	102	686
Diabetes Unit Fund	87	4	(4)	-	15	102
Fighting Cancer In Edinburgh	132	60	(26)	-	30	196
Colorectal Research Fund	145	5	(5)	-	25	170
Haematology Research Fund	487	21	(13)	-	86	581
Paul Abraham Molecular Laboratory Fund	210	7	(5)	-	36	248
Edinburgh Neurology Fund	185	51	(6)	-	40	270
Breast Cancer Institute Fund	837	33	(343)	-	137	664
Astley Ainslie Hospital:						
Edinburgh Physio Rehab Service Fund	105	5	(3)	-	18	125
Royal Victoria Building:						
The Edinburgh Parkinson's Service Fund	132	5	(3)	-	22	156
Roodlands Hospital:						
Harriet Connolly Fund	124	4	(14)	-	19	133



Simpson Centre for Reproductive Health:						
G & J Bassett Legacy Fund	301	10	(8)	-	52	355
Royal Hospital for Sick Children:						
Calderwood Paediatric Cardiology Fund	184	7	(5)	4	33	223
Trastevere Fellowship Paediatric Pathology	139	5	(7)	-	24	161
Endocrine and Diabetes Fund	-	3	(1)	90	15	107
Leukaemia & Cancer Fund	439	28	(13)	-	79	533
Royal Infirmary of Edinburgh:						
Kidney Transplant	276	9	(7)	-	48	326
Coronary Care Unit Fund	372	12	(54)	-	63	393
Scottish Liver Transplant Unit	181	21	(24)	-	32	210
Dermatology	93	3	(2)	-	16	110
Edinburgh Vascular Research Fund	179	7	35	-	28	249
CEG Wright Renal Scanner Fund	326	9	(75)	-	45	305
Medical Renal Unit Fund	852	249	(69)	-	177	1,209
Renal Research Fund	152	7	(3)	-	27	183
(RIE) Orthopaedics Department Fund	178	60	(23)	-	37	252
Brown & Ireland Estate Arthritis Fund	130	4	(5)	-	23	152
Princess Alexandra Eye Pavilion:						
Treatment of Blindness & Research Fund	115	4	(3)	-	20	136
Eye Research Fund	329	37	(105)	-	57	318
Total Hospital Specific Funds >£100,000	9,410	878	(1,054)	94	1,664	10,992

Division-wide Specific Funds >£100K	Balance B/fwd	Income	Expenditure	Transfer In/(Out)	Gains / (Losses)	Balance at 31/03/2021
	£000	£000	£000	£000	£000	£000
Dorothy Melville Bequest – Edi	526	14	(423)	-	20	137
Camhs Eat Diso, Rsrc&Selfhelp	465	19	(189)	-	52	347
Edin Cancer Centre Rsrch Fund	1,083	37	(204)	1	175	1,092
Edinburgh Heart Centre Fund	848	45	(62)	-	151	982
Share of Undistributed Investment Reserves	8,442	-	-	-	2,673	11,115
Total Division-wide Specific Funds >£100,000	11,364	115	(878)	1	3,071	13,673
Other Specific Funds less than £100,000	4,910	1,887	(1,911)	(96)	821	5,611
Total Hospital & Division-wide Specific Funds >£100k	25,684	2,880	(3,843)	(1)	5,556	30,276



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 twenty transactions in the year in relation to transfers between Specific and General (Ward funds), mainly in relation to closure of funds.

16. 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
Lothian Health Board	NHS Charities Together	COVID 19 Response Fund	1,059
Royal Infirmary of Edinburgh	Roseann Adams, deceased	Medical Renal Unit Fund	200
Lothian Health Board	Anonymous	COVID 19 Response Fund & Eye Research Fund	60
Royal Infirmary of Edinburgh	Audrey Kelly, deceased	RIE Orthopaedics Dept. Fund	52
Lothian Health Board	KH Foundation Scotland	COVID 19 Response Fund	50
Total			1,421



17. 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 Foundation's grant making transactions remitted to Lothian Health Board during the financial year amounted to £2,796,000 (breakdown shown below). Included within income is rental income of £307,000 from Lothian Health Board. As stated in note 8 the Foundation administrative support costs consist mainly of staff on Lothian NHS Board employment contracts with a cost of £420,000 which was charged by the Health Board. At 31 March 2021 there was a balance outstanding of £379,914 payable and an accrual of £11.4m to NHS Lothian.

Expenditure with NHS Lothian:	Further info	Amount £000
General Funds		
COVID-19		238
Small Grants 2020/21		89
Patient Wi-Fi		72
Healthy Working Lives		55
Other NHSL – small projects		137
Ward Funds		
Numerous small projects		80
Specific Funds		
COVID-19		1,083
Other specific fund expenditure		1,042
Total grant making expenditure with NHSL		2,796

18. ANALYSIS OF NET ASSETS ACROSS FUNDS

	Unrestricted Funds 2021	Restricted Funds 2021	Total 2021	Unrestricted Funds 2020	Restricted Funds 2020	Total 2020
	£000	£000	£000	£000	£000	£000
Investment property	11,305	-	11,305	11,305	-	11,305
Investments	42,889	43,259	86,148	35,717	35,448	71,165
Net current assets less long term creditors	3,147	(12,983)	(9,836)	2,914	(9,764)	(6,850)
Net assets	57,341	30,276	87,617	49,936	25,684	75,620

19. ANALYSIS OF CHANGES IN NET DEBT

	At Start of Year	Cash-Flows	Foreign Exchange Mvt	Other Non-Cash Changes	Other	At End of Year
	£000	£000	£000	£000	£000	£000
Cash and cash equivalents	4,645	3,531	-	-	-	8,176
Total	4,645	3,531	-	-	-	8,176



THANK YOU
FOR YOUR

KIND
GIFTS
NHS-LOTHIAN 2020

Staff saying thank you for sleep pack gifts

REGISTERED OFFICE

Lothian Health Board Endowment Fund
Waverley Gate
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Edinburgh EH1 3EG

SCOTTISH REGISTERED CHARITY NUMBER

SC007342

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