

Grant Making Policy

1.0 - 04/11/2024

Grant Making Policy: Addressing the Core V None Core Challenge

1. Purpose

This purpose of this policy is to set out the principles, criteria and processes that govern how the Charity makes grants. It complements the Governance Plan, which defines the basis on which the Charity accepts donations into funds.

A grant is defined as a financial award the charity makes from its funds to support charitable activities, to registered charities or charitable community groups, integrated Health Boards and to NHS Tayside projects/activities.

2. Background

The principle of core NHS activities, equipment and services being ineligible for charity funding is long-standing, having been underpinned by guidance issued by NHS Scotland in 2013 (NHS Endowment Funds: Report and recommendations on governance and best practice – see Appendix 1). It has become custom and practice as a means by which to manage the conflict of interest between Trustee's roles as NHS Board Directors and charity Trustees. This principle is observed by NHS charities across Scotland, albeit with variations in interpretation and application. This is due to the fact that there is no clear definition of what 'core' is.

As we implement the new strategy and funding programme there needs to be an emphasis on the outcomes we seek to achieve through our funding as the primary driver in our decision-making. The vision set out in the strategy is –

‘People live better and longer lives in Tayside’

3. Legislation

The report and recommendations on governance and best practice which was published in December 2013 (Appendix 1) states: -

It is considered good practice that the grant of endowment funds should not substitute for a core provision within the NHS board's financial plans. Nor should endowment funds be used to cover a responsibility of the NHS board that is a direct requirement of health and safety or employment law or a ministerial policy direction.

The endowment funds shall only be used for the purposes described above. In addition, Trustees must observe any conditions attached to a donation or legacy prescribed by a donor to the charity, so far as is reasonably practicable, and consistent with the above purpose and the law.

The starting point for all decisions on the legal use of charitable funds (ours and any other charity) is whether the expenditure is in line with the following two points:

1. The expenditure is in furtherance of the charity's registered charitable purposes (as defined in the 2005 Act)
2. The expenditure will also deliver a benefit to the public

The trustees ensure proper governance of the Charities grant-making in three ways.

- Through grant-making principles which ensure that, even where there is a donor or funding partner, decisions are ultimately made by the Charities trustees. These principles, together with the Fundraising plans and Governance Plan, clarify that funds given are the Charities asset, albeit with degrees of restriction on their use, and that, where they are involved, donors are recommending grants, not awarding them.
- Through published grant-making criteria (Appendix 3) which set out the activities the trustees wish to support in furtherance of the Charities priorities. The criteria also includes activities which the trustees do not wish to support because they do not consider them to be in line with the Charities purpose. The trustees accept that they will on some occasions make grants outside published criteria but that in all such cases the activity supported will be charitable in law.
- Through grant-making processes (point 5) which set out how decisions are reached for awarding grants from different types of funds at the Charity.

4. Grant – Making Principles

The principles which underpin the trustees' governance of the Charities grant making take into account the scale and range of its grants and strike a balance between proper oversight of decision-making and responsive customer service for both applicants and donors. The principles are as follows.

- The Board of trustees has ultimate collective responsibility for all grant-making decisions in line with the charitable purposes and any restrictions agreed with donors and funding partners.

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- Trustees may assign certain decision-making responsibilities to its sub-committees, Board members or staff within its scheme of delegation. Such delegated decisions are subject to scrutiny and review from time to time.
- Trustees reserve the right to apply conditions to any grant.
- Trustees also reserve the right not to approve any recommendation or nomination if they (or those acting with their delegated authority) determine that the resulting grant would not be charitable or would conflict with the Charities stated policies or damage its reputation.

5. NHS Tayside Charitable Foundation Funding Offer

NHS Tayside Charitable Foundation holds endowment property and funds for purposes relating to health services or research. The Fund has donations and legacies received from patients, their relatives, the general public and other organisations. The overall strategy of the Fund is to provide support to Tayside NHS Board in whatever way the Trustees consider appropriate, subject to any specified directions prohibiting such expenditure which may have been issued by Scottish Ministers. The following funds are in place to support the delivery of the charities priorities and vision: -

Innovate	Prevent	Invest	Support
Groups can apply for funding between £500 and £25,000 (maximum of £20,000 for two years and a maximum of £25,000 over three years) to establish innovative projects to tackle issues affecting our community. This pot is restricted to a maximum of £200,000 per year	Groups can apply for funding between £50,000 - £100,000 over 2 years (max £150k) to help support the priorities focused on prevention. This pot is restricted to a maximum of £1,800,000 year 1 with a review in 2025	NHS Tayside colleagues can claim up to £500 for fundraising activities generating over £1,000 to help deliver the charitable priorities. This pot is restricted to a maximum of £50,000 per year.	The Foundation support programme includes providing signposting to other funders, partnership opportunities and links to key organisations across Tayside and beyond.

Innovate

Building on the great work of the Community Innovation Fund the Innovate theme aims to build capacity in the area through funding innovative projects and encouraging new ways of working. To deliver on the purpose of the charity there is also a hope that this theme will see health innovation and service redesign projects funded to reduce the reactive care demands faced by NHS Tayside.

Prevent

As part of the strategy development Trustees identified prevention as a key theme which could significantly impact on our communities. A shift to preventative services and activity is needed to reverse the growing issues across the region for example life expectancy, Substance use and long-term health conditions. The importance of this theme is shown in the proposed investment pot – to see the impacts of this funding on the health of local people will take time so this significant investment will help to deliver our vision. Partnership bids would be welcomed as part of this funding stream and will reduce duplication and encourage joint working across the region.

Invest

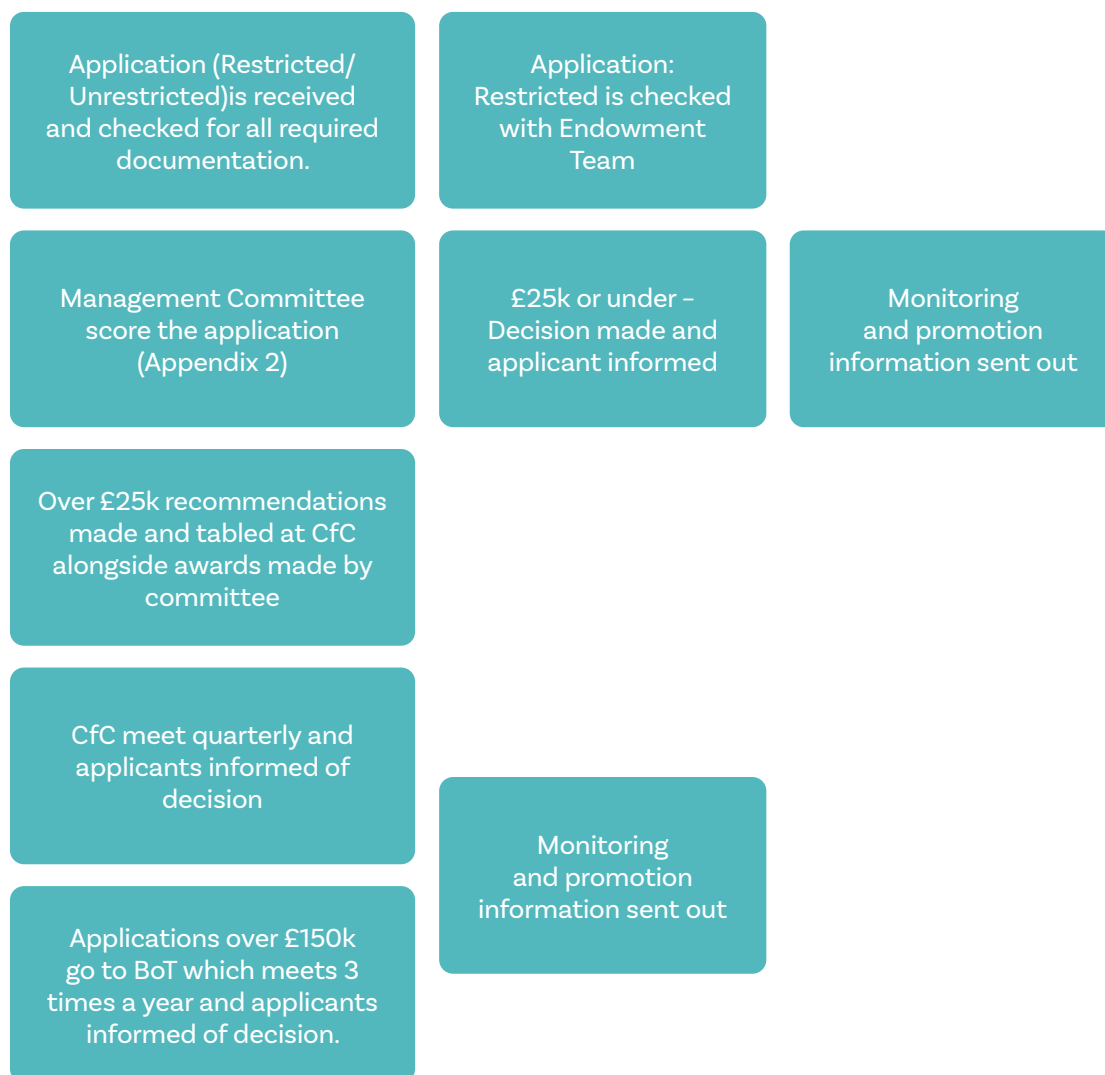
Fundraising and generating funding for year 2 following the ad hoc draw down from the investment portfolio is a key part of the Invest theme. The charity receives a lot of donations however a more sustainable flow of income is required and will compliment the 2 challenge funds. As a pilot the aim is to dedicate £50,000 to match fund the fundraising efforts (which would be targeted at health-related projects) in Tayside – this will not only increase fundraising revenue but help to build a trusted reputation and foster relationships.

Support

The Support theme is focused on the charity becoming much more than a funder and shifting the perception towards a one stop shop for health-related support in Tayside. To date a number of projects have been identified that fit within this work including the Funders Network- which aims to bring local funders together to reduce duplication and increase the impact of local funds, Third Sector Network which will bring local organisations together for collaboration and the hub space at Ninewells which is detailed in the fundraising plan. Relationships and collaboration will become essential as the momentum following the launch event grows.

Current Grant Making

As part of the new Strategy and Funding Programme the process for grant decision making is as follows. It should be noted that every application for funding now goes through the Customer Relationship Management system (CRM) BEACON




The Management Committee is made up of the Charity Chief Officer, Fund Development Manager, Fundraising Manager and Endowment Accountant. This group will meet fortnightly to ensure the applications received are dealt with in a timely manner. Prior to the application being tabled for the committee the applicant has access to the criteria (Appendix 3) and scoring sheet.

6. Continuous Improvement: Phased Approach

To ensure the charity governance is in line with OSCR guidelines and Charity law a phased approach is in place. Alongside the other endowment funds across Scotland a shift towards outcome based decision making is underway which aligns to the new charity strategy: -

Phase 1 January 2024 – May 2024: Implement new funding programme using proposed structure of a management committee. This will include the introduction of a scoring system which identifies the impact, link to the priorities and consideration around purpose of the fund (core/non-core)



Phase 2 June 2024: Review of new programme with development sessions on outcome-based funding. Allowing time for the implementation of the new programme will enable evidence and case studies to be developed to start the shift towards the question of core v non core to focus more on outcomes.

Phase 3 Sept/Oct 2024: Amendments implemented based on the outcome of the review and development sessions. The aim is to develop the Trustees and Team to a stage where everyone is confident in the decision-making process. This could include a change in the way funding applications are scored and presented.

Contact Us:

For more information on any of the details outlined in this policy please contact us via: -

- Fund-related and general enquiries: tay.nhstcf@nhs.scot
- Fundraising enquiries, including donations and gifts in wills: tay.nhstcf@nhs.scot
- Finance enquiries: TAY.endowments@nhs.scot

Appendix 1 – Report and recommendations on governance and best practice: Executive Summary

1. Executive Summary

Recent attention has focussed on the operation and governance of NHS Endowment Charities in Scotland. In particular the Office of the Scottish Charity Regulator (OSCR) recently undertook a review of NHS Lothian Endowments. The outcomes of this review and its implications have now been considered for the wider NHS Scotland. The purpose of this report is to consider overall compliance with the current legislative and regulatory framework within Scotland and to recommend the adoption of a best practice governance framework for consideration by the Trustees of NHS Scotland endowment funds.

2. Role and purpose of charities and endowments

An endowment is money or property donated to a health board. These donations are held on Trust by, and used at the discretion of, the Trustees, for the charitable purpose defined in the National Health Service (Scotland) Act 1978 which is the advancement of health.

We recommend that Trustees should establish a policy on fundraising and an Endowment strategy that respects the primary responsibility of the Health board in delivering healthcare and also respects the existence of other health charities.

3. What is the legal framework under which we operate?

NHS Endowments were established by the National Health Service (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. To meet the requirements of charitable status under the 2005 Act Trustees must act in the interests of the charity at all times. Given that endowment Trustees are also NHS board members and are appointed by Scottish Ministers there is an argument that they cannot be free of a conflict of interest. The objectives of NHS Boards and of the endowment funds are codified under the same legislation but, since this legislation reflects the advancement of health, which is considered to be a valid charitable purpose, we are not of the opinion that Trustees have a meaningful conflict of interest that restricts them from conforming with good charity governance. As a result we do not propose that it is necessary to change the composition of Trustees.

4. NHS Scotland Endowment Funds

Although the charitable status of NHS endowment funds does not derive from the 2005 act, we recommend that Trustees should recognise that legislation and ensure that good charity practice is employed at all times in the governance and operation of Endowment Funds. All boards have registered with OSCR and must, therefore, comply with the requirements of the 2005 act.

5. Good governance arrangements for endowments

The Steering Group recommends that all Trustees should manage their funds in accordance with principles that have already been established in conjunction with OSCR by NHS Lothian and NHS Lanarkshire. The Steering Group has developed these principles into generic models suitable for local adaptation. These models consist of a high level charter and more detailed operating procedures. They are included in Appendix A and B respectively.

6. What transactions are acceptable in endowment funds?

Trustees have some discretion to decide what transactions are acceptable and comply with the charitable purposes of the endowments for which they are responsible. We have taken advice on individual transaction types and we recommend that Trustees should endeavour to comply with the principles contained in Appendix C to this report, respecting the wishes of donors where appropriate.

7. What are the tax implications for Endowment funds?

Endowments benefit from a favourable taxation position conferred by charitable status. They are exempt from Income Tax, Capital Gains Tax and Inheritance Tax. As a result Trustees should consider the tax implications when deciding about the acceptability of certain funds. Certain types of purchase passed through endowments may also be eligible for zero rating in respect of VAT.

Trustees should consider whether any transaction might result in a potential benefit in kind to employees.

UK taxpayers should be encouraged to claim gift aid in order to maximise their donation.

8. How should boards consolidate endowments?

NHS Scotland (exchequer) accounts are now compliant with International Financial Reporting Standards. To comply with International Accounting Standard 27 (Consolidated and Separate Financial Statements), Endowment Fund charities now require to be consolidated into the appropriate host board accounts. Detailed advice in relation to the proposed consolidation of endowment accounts into host board accounts has been issued by the Scottish Government.

Boards should produce an implementation plan to identify and manage alternatively any funds that are inconsistent with the purpose of the endowments. This will facilitate consolidation of endowment fund accounts into boards' accounts for the financial year 2013/14, by ensuring that funds are compliant with the requirements of the NHS (Scotland Act) 1978.

Appendix 2 NHS Tayside Charitable Foundation – Grant Application Scoring Matrix

Project Title –

Funding Requested –

Location –

Number of beneficiaries –

Fund – Innovation/Prevention/Restricted

Key Elements	Yes / No	Notes / Recommendations
Is the application complete with all required documentation?		
Are the panel satisfied that is a non-core service/ activity?		
Is there a clear link to the priorities and vision?		
Does this application duplicate any other service or project in Tayside?		
Is there clear evidence that this service/activity is needed?		
Are there any other partners/services involved?		
Is this application purely for funding from NHSTCF or is there match funding?		
Other comments		

Appendix 3 - Criteria

NHS Tayside Charitable Foundation projects must link to the charities priorities in order to support the delivery of the vision 'People live better and longer lives in Tayside'.

Who we fund – NHS Tayside Projects/Activities, Health and Social Care Partnerships Registered Charities*

What we can fund - The funding application must link to the charities vision, aims and objectives and includes: -

- Staff salaries up to 2 years*
- Staff expenditure: Education of staff by providing non-core training and educational opportunities.
- Capital Equipment: Purchase of equipment which is additional to that which would be provided in the course of normal service delivery and paid for out of core funding.
- Research: To provide funds in support of research projects which are supportive of the NHS objectives.
- Pioneering services: To introduce new styles of service provision or care, not currently funded by the NHS, on a pilot basis, to facilitate clinical evaluation.
- Environmental: To enhance and improve the environment within which healthcare is delivered

*Any costs incurred by employing staff above those in the funding application are the responsibility of the applicant.

Where we fund – Projects must be in and solely or primarily delivered in the Tayside area – Angus, Dundee & Perth and Kinross

When – Every year there are 3 committee meetings where funding decisions are taken. Funding applications under £150,000 are taken to the Charitable Funds Committee and any exceptions over £150,000 goes to the Board of Trustees. The upcoming dates include:

2025/26 timeline	Submission Deadline	Committee
Charitable Funds Committee	5 January 2024	7 February 2024
Board of Trustees	18th January 2024	15th February 2024
Charitable Funds Committee	7 March 2024	2 April 2024
Board of Trustees	25 April 2024	16 May 2024
Charitable Funds Committee	9 May 2024	4 June 2024
Board of Trustees	26 September 2024	17 October 2024
Charitable Funds Committee	10 October 2024	26 November 2024
Charitable Funds Committee	6th March 2025	April/May 2025

How we fund:

- Applicants can submit an application through the online portal, but it must be within the timelines stated
- Applications can cover a 2-year period with the maximum amount being requested for each year
- Where an organisation intends to submit more than one application the initial project must be completed prior to the next submission or details given as to how the organisation will deliver more than one project concurrently.

We would like to fund organisations that focus on:

- Funding applications where other funders have been considered/matched will score highly under the banner of sustainability/impact.
- Organisations that work with others to deliver services or to change how services are delivered for people facing poverty, trauma or both.

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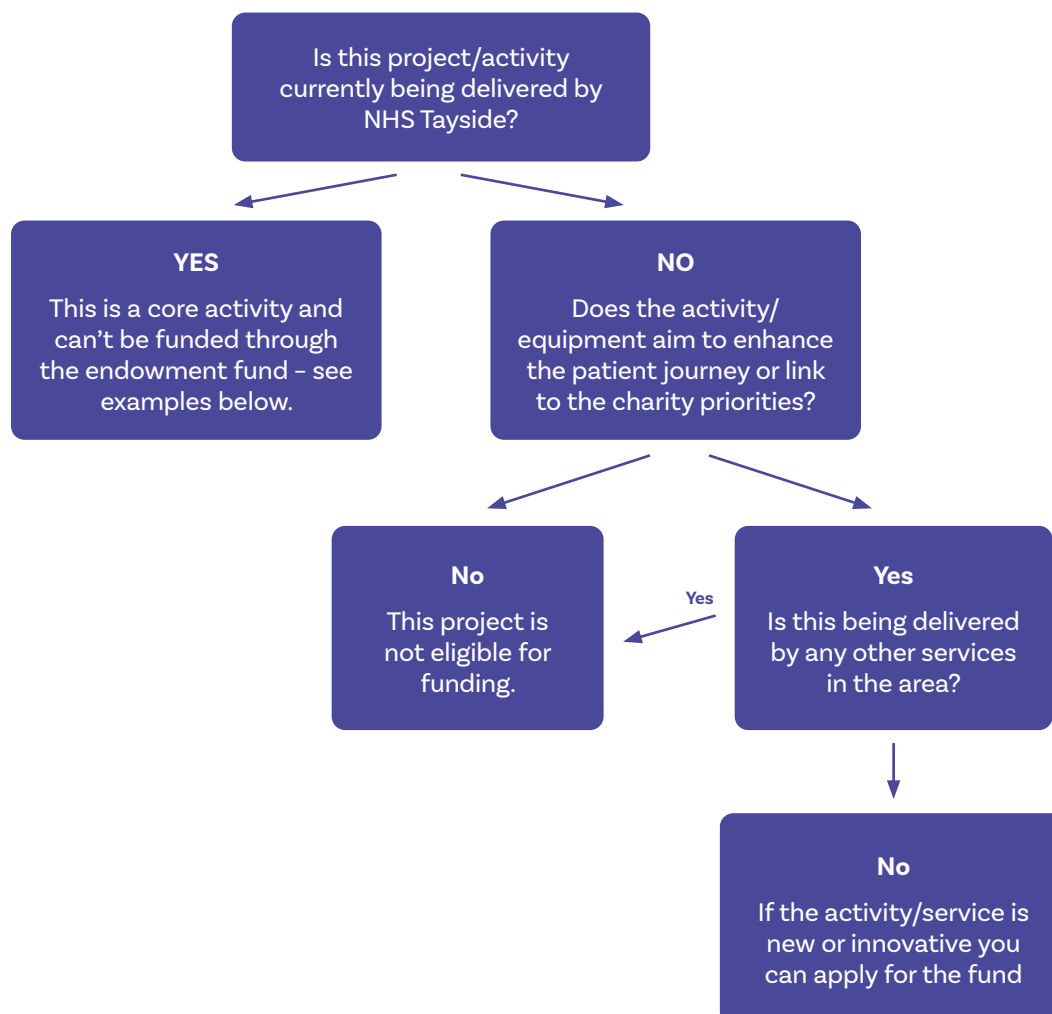
What we can't fund – The main thing NHS Tayside Charitable Foundation can't fund is any activity, equipment or service that is a core NHS service (this includes services that are already funded by the government and are being delivered through the NHS and partners). For further information on how to determine if a project is eligible see Appendix 4.

Other activity that is not eligible includes: -

- proposals from organisations that are run primarily for private gain or to generate profits for private distribution, or any activities that generate profits for private gain.
- activities that benefit individuals, rather than the wider community
- political activities
- retrospective costs
- loan repayments
- Activities/Projects which conflict with the Charities Ethical Policy

* Charities with an annual income of more than £2 million a year, housing associations and Arms' Length External Organisations (ALEOs) must evidence why they can't fund a project from their own funds.

Appendix 4 – Core/Non-Core Flow Chart



Examples of core activity: -

- Funding to replace existing staff
- Funding to replace equipment
- Where the NHS has an obligation to deliver specific types of support for patients or staff
- Funding a digital development to a service that simply allows the same service to be delivered by digital means
- Funding to enable compliance with health and safety regulations;
- Funding to support activities relating to requirements under employment law; and
- deliver/implement a ministerial policy direction.

Examples of non-core activity: -

- Activity/service that enhances the patient experience
- Improve patient care, such as a piece of equipment, research project or training course that will improve the care staff can provide