

Northamptonshire Health Charitable Expenditure Policy

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Summary

- The charity's policy is to fund equipment, items, facilities, projects, posts and programmes that are 'over and above' the core service provided by the Trusts. This is in line with the charity's objects, and the expectations of supporters.
- Distinguishing between core and additional items and services is not always simple, especially when core budgets are under pressure. It is not the role of the charity to make good deficits in government funding. Refusal through the Trusts processes is not sufficient reason alone for requesting charitable support. Requests for items such as replacement equipment or making good funding for deleted posts will, therefore, normally be refused unless these will yield significant enhancement to the service.
- The charity will fund items that: seek to validate services through pump priming; extend the scope of services; improve outcomes; enhance patient amenities and experience; foster clinical innovation; advance clinical research; and develop staff and their wellbeing.
- Salary costs will only be funded on a time-limited basis, whether as pump-priming (i.e., to establish a role that will then be funded from other sources on a recurrent basis) or to bridge short-term gaps in other funding streams.
- The charity will not fund items that will create revenue pressures for the Trusts unless there is a clear commitment by the Trusts to meeting the revenue consequences.
- The charity is also careful not to fund items that will create other problems for the Trusts, for example incompatible equipment, and checks should be carried out with Trusts to avoid such situations arising.
- The charity is committed to respecting donors' intentions and all wards, clinics, departments are able to access donated funds through the different funding programs; Patient Pathway, Enhancing Environments, Staff Wellbeing & Development.

The charity retains overall responsibility for funds, with decision-making delegated to sub-committees and designated subject matter experts where appropriate. However, the charity reserves the right to allocate funds as needed to fulfil its charitable objectives. Contents

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Charity expenditure policy

Key Messages:

- NHCF shall ensure that charitable expenditure for charitable purposes satisfies the objects of the charity.
- Approval of all grants (charitable expenditure) shall be given by authorised individuals, up to their designated threshold, as set out in the Authority Levels Policy (Appendix A), and ensure:
 - the expenditure is consistent with NHCF's objects;
 - the expenditure is for a charitable purpose;
 - the expenditure shall result in public benefit;
 - and in the case of restricted funds, it must be consistent with the objects recorded for that fund and any conditions applied to the expenditure, by the donor.
- This document describes how the policy is to be applied throughout NHCF.

1. Introduction

- 1.1. This document sets out the policy of the NHCF Trustees concerning charitable expenditure from the funds of the charity.
- 1.2. In this policy, where we use 'must/shall', we mean it is a specific policy, legal or regulatory requirement affecting Trustees and the Charity. The Trustees and the Charity must comply with these requirements. We use 'should' for items we regard as minimum good practice, but for which there is no specific policy requirement. Trustees and the Charity should follow the good practice guidance unless there is a good reason not to.

2. Definitions

- 2.1. *Charitable Expenditure*: Charitable expenditure relates to any expenditure for charitable purposes satisfying the objects of the charity. Costs such as operating costs or fundraising costs do not constitute charitable expenditure.
- 2.2. *Grants*: Grants refers to charitable expenditure recommended via the charity expenditure team or one of the grant-making committees.
- 2.3. *Grant Agreement*: A formal agreement setting out the terms and conditions of a grant.
- 2.4. *Authority Levels Policy*: Charitable expenditure shall conform to the scheme of financial delegation as approved by the Board and set forth in the Authority Levels Policy (Appendix A).

3. Scope

4. This policy applies to all charitable spending from NHCF funds. It may be supplemented by additional guidance for committees on grant-making policy, as well as additional information on accessing funding programmes provided in the Charitable Funds Expenditure Guidance Management responsibilities

- 4.1. *Board*: The Board has responsibility for ensuring that there are clear criteria in place for approving charitable expenditure. The Board shall have approval over all Charitable Expenditure above a threshold as set out in the Authority Levels Policy (Appendix A).
- 4.2. *Sub-Committees*: The Sub-Committees (Patient Pathway, Environment Enhancements, Staff Wellbeing & Development) shall approve Charitable Expenditure in accordance with the thresholds set out in the Authority Levels Policy (Appendix A).
- 4.3. *Chief Executive*: The Chief Executive, or their delegate, shall approve Charitable Expenditure up to a threshold as set out in the Authority Levels Policy (Appendix A).
- 4.4. *Subject Matter Experts*: Senior department leads are considered Subject Matter Experts and should approve all charitable expenditure relating to their area of expertise. Approval thresholds shall be set out in the Authority Levels Policy (Appendix A).

5. Procedures and implementation

- 5.1. All expenditure from NHCF funds must satisfy the following criteria to meet the requirements of charity law:
 - the expenditure is consistent with NHCF's objects; and
 - the expenditure is for a charitable purpose; and
 - the expenditure shall result in public benefit; and
 - in the case of restricted funds, it must be consistent with the objects recorded for that fund and any conditions applied to the expenditure, by the donor.
- 5.2. In addition, expenditure from NHCF funds should be used to:
 - provide new additional services where the NHS body has no statutory obligation and insufficient resources to do so; or
 - enhance existing services over and above the level that can be provided by exchequer funds; or
 - maintain services on a time limited basis.
- 5.3. All charitable expenditure shall be in accordance with applicable legislation and charity law.

- 5.4. Approval of charitable expenditure is regulated by the NHCF Authority Levels Policy (Appendix A), which must be adhered to at all times. Subject Matter Experts must follow this policy in making expenditure decisions under delegated authority.
- 5.5. Donations received should not be accumulated within charitable funds unless there are clear and approved plans for the use of such funds for charitable purposes.

6. Subject Matter Experts are encouraged to plan for the strategic use of charitable funds, both in terms of income and expenditure. As part of this planning, Subject Matter Experts are encouraged to actively engage with the charity to help to sustain income and maximise the benefit of charitable expenditure. Further explanation of criteria

This section provides further explanation of the criteria set out above. Each heading is marked as M (mandatory – legal requirements) or G (following Charity Commission guidance).

6.1 Consistency with NHCF's objects (M)

'Objects' describe and identify the purposes for which a charity exists. NHCF's objects, which are defined by statute, are:

“any charitable purpose or purposes relating to the general or any specific purposes of the Northamptonshire Healthcare NHS Foundation Trust or its successor, the Northampton General Hospital NHS Trust or its successor, the Kettering General Hospital NHS Foundation Trust or its successor (all as defined in clause 29 and collectively known as the 'NHS Bodies'); or the purposes of the Health Service (as described in Section 1 of the NHS Act 2006 or any statutory modification of that section).”

In practice, NHCF's policy is to support Trusts. The fact that the whole of the NHS is within the scope of the objects means that it would be within NHCF's powers to support another NHS organisation or organisations which serve to benefit Trusts and the wider NHS. This means that NHCF may make grants to other charities or to wider health system partners. Such grants need not benefit Trust(s) patients exclusively.

6.2 For charitable purposes (M)

The Charities Act 2022 defines a charitable purpose, explicitly, as one that falls within one of thirteen descriptions of purposes and is for the public benefit.

This statutory list of purposes includes three that are of likely relevance to expenditure of NHCF funds:

- The advancement of health or the saving of lives.
- The advancement of [the arts, culture, heritage] or science.
- The advancement of education.

In practice, most charitable expenditure associated with the work of the Trusts will fall under one or more of these headings.

6.3 For public benefit (M)

For a charity to qualify for charitable status it must, in accordance with the 2022 Charities Act, serve purposes that are for the public benefit. There is no automatic presumption that expenditure with a stated aim that falls within one of the descriptions of purposes is charitable. To be a 'charitable purpose' it must also be for the public benefit. This has to be demonstrable in each case.

There are two aspects of public benefit: the '*benefit aspect*' and the '*public aspect*'. Both must be satisfied to pass the public benefit test.

To satisfy the *benefit aspect*, a purpose must be beneficial and any detriment or harm that results from the purpose must not outweigh the benefit. As an example, clinical research is an activity which has the potential to harm as well as to benefit. Compliance with research governance policies and processes of the Trust(s) will ensure that this matter is appropriately addressed and is included as the host institution's obligations within the Grant Agreement. For other expenditure, NHCF shall place obligations on the host institution to ensure adequate clinical governance.

To satisfy the *public aspect*, the purpose must benefit the public in general or a sufficient section of the public and not give rise to more than incidental private benefit (to an individual or an organisation). For this reason, NHCF will typically not provide funding directly to commercial organisations or where the primary beneficiary is a commercial organisation (e.g., where a commercial organisation will own a share of new intellectual property generated from the Charitable Expenditure).

Most of NHCF's expenditure will benefit a section of the public, rather than the public in general, because it will support the healthcare of group(s) of people with a specific disease, injury or long-term condition. In some cases, for example when dealing with rare diseases, the section of the public may be small in number. This satisfies the definition of 'a section of the public'.

Incidental private benefit

The question of incidental private benefit may arise in relation to expenditure on professional education, training, development, attendance at conferences and development of intellectual property. In these circumstances, the public benefit (e.g., the advancement of education through the presentation of new knowledge to a conference) must be weighed against the private benefit (advancement of personal profile, networks and career prospects) and the former must outweigh the latter for the expenditure to be charitable.

Staff benefit

The question also arises in the case of support for staff. In order to demonstrate *public benefit*, any support for staff must be justified through its contribution to providing patient benefit by improving staff morale and wellbeing, staff skills and knowledge, improving staff retention or benefiting recruitment by improving the appeal of the Trust(s) as a place to work. Support for staff must be equitable and inclusive. Whole staff groups or the majority of a defined group of staff should be able to benefit, without staff time commitments being required outside of work time to benefit.

The following points apply:

- NHCF will work with the Trusts to coordinate a programme of activity to support staff that will aim to support all or the majority of staff;
- This programme of activity will aim to provide patient benefit by improving staff morale, improving staff retention and benefiting recruitment by improving the appeal of the Trusts as a place to work;
- Support for staff social functions (including Christmas parties and retirement parties) is not permitted because the expenditure is considered too far detached from any patient benefit.

Outside of any NHCF programme of activity to support staff, departmental funds (or other funds that NHCF may make available for this purpose) may be used on expenditure that supports staff where the following criteria is met:

- a) There must be a realistic connection between the purpose of the funding and patient benefit;
- b) The support must be equitable and inclusive, and benefit all or the majority of the staff from the requesting department or a defined group of staff;
- c) It must be justified through its contribution to improve staff skills and knowledge, improve staff morale, improve staff retention and/or benefiting recruitment by improving the appeal of the Trust(s) as a place to work;

Note that in the case of learning and development, only points a) and c) apply.

In the case of team-building events, the objectives for the event and proposed schedule shall be required so that the link to patient benefit can be considered.

Funding may not be used for alcohol, cash or vouchers unless exempt and classed as non-cash as per the list at <https://www.gov.uk/hmrc-internal-manuals/national-insurance-manual/nim02416>

6.4 Consistent with the objects of restricted funds (M)

In addition to the objects of NHCF as a whole, the charity maintains a statement of fund objects for restricted funds. These typically restrict expenditure to a particular ward, clinic, group of patients, field of research etc. Expenditure from restricted funds must be consistent with the statement of fund objects that relates to that fund.

6.5 Consistent with the objects of designated funds (M)

The charity maintains a statement of fund objects for designated funds. These typically designate expenditure to a particular Trust etc. Expenditure from these funds should ordinarily be consistent with the statement of fund objects that relates to that fund. However, the Trustees reserve the right to divert the funds to other projects consistent with the Charity's objects.

6.6 Additional, enhanced and maintained services (G)

While NHS charities are not legally prevented from funding items that the NHS are legally bound to fund, the Charity sets its position, as per government guidelines, that it will only fund above and beyond that which is funded by the NHS so as to not subject the Charity to

liabilities beyond its scope. The Department of Health, in their 2012 publication *The regulation and governance of NHS charities* provide the following guidance:

“...there is no hard and fast rule that charities must not subsidise or replace public services. The Charity Commission does however set clear criteria for decision making by Trustees if they wish to spend in areas normally or previously paid for from exchequer funds. The Commission’s view is that grant-making charities should only agree to subsidise public services or other public provision when there is clear justification for doing so. In addition, charities should act only within their objects and powers, and in the interests of the charity and beneficiaries, and they should ask questions and challenge assumptions about what public authorities are prepared to fund or have a duty to fund.”

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/127159/summary-report-final-301012.pdf.pdf

NHCF must also consider the perceptions of donors and the public when approving expenditure. Many supporters have an expectation that their gifts will fund items or activities that are ‘over and above’ the ‘core service’ that should be funded from exchequer sources.

Charitable funds may therefore be used to:

- provide a new additional service or facility where Trust(s) has no obligation to provide the service or facility and no exchequer resource to do so; or
- enhance an existing service or facility (where exchequer funds provide a certain level of service, but additional funding could improve the level and quality of the provision); or
- maintain an existing service or facility on a time-limited basis, normally of no more than one year. This might be to ‘bridge’ a gap in research or service programme or to extend a ‘pilot project’ where there is a reasonable prospect of securing long-term exchequer funding.

Every spending decision should be patient-focussed and should address patient needs as directly as possible, although not every piece of spending will be directly on patient services or facilities.

- In the case of spend on staff salaries the Trustees shall not normally support employment costs for periods of longer than three years. Charitable Expenditure will only be approved by Trustees to cover employment costs where they receive adequate assurance as to the arrangements to meet any other costs arising from the Charitable Expenditure, including, but not limited to, the implications of any employment rights accrued.

The Trustees shall always consider the following issues, and expect those acting under delegated authority to do likewise:

- How far the spending is removed from the patients and the needs that have brought them into the care of the NHS body. Links to patient benefit from the proposed spending must not be tenuous.
- The value for money to be achieved by the proposed spending.
- Fit with donors’ reasonable expectations of how their donations would be used. Would donors view some spending as substituting for exchequer funding, especially for core services? Or as frivolous or unlikely to be effective in benefiting patients?

6.7 Approach to unspent and underspent grants

Generally, grant monies shall be made available for a period of 12 months. If, after 12 months of the award date, remedial action has not been possible, the grant will be cancelled. Allowance shall be made for the time of the award date of grants and the agreed start dates to accommodate issues such as recruitment, delays to works etc.

6.8 Approach to making grants to other charities

In some circumstances an external charity may apply for funding from NHCF. This is subject to the following conditions:

- a) A particular project may be funded for a maximum of three consecutive years.
- b) If a project has been funded for a maximum of three consecutive years, a further application may be made but only for funding to commence a minimum of twelve months after the previously agreed funding has come to an end.
- c) There shall be no limit to the number of projects that a charity may submit a funding application for.

The above conditions may be deviated from at the discretion and direction of the Chief Executive. Where these conditions are being deviated from and the expenditure meets the threshold for trustee approval, this deviation should be notified to trustees.

6.9 Approval of Charitable Expenditure

Charitable Expenditure shall be subject to a written agreement which sets out the agreed purpose of the funding and sets out the schedule and format for evaluation and reporting. This requirement is subject to the following conditions being met:

- That the charitable expenditure is being made through a formal grant programme, or;
- The charitable expenditure is over £10,000
- The Chief Executive can deviate from this requirement if it is considered that this requirement is unnecessary or disproportionate;
- The Chief Executive can subject any charitable expenditure under £10,000 to a written agreement and a proposed schedule and format for evaluation and reporting in circumstances where this is deemed necessary.

All expenditure is also subject to approval from the requesting organisation. These approvals should be the same as if the purchase was being made with the requesting organisation's own funds.

Additionally, Funds are the responsibility of the Charity. Decisions are delegated to the Thematic sub-committees and Subject Matter Experts subject to authority levels. The Charity reserves the right to use funds as it sees fit to deliver on its charitable objects.

6.10 Progress and evaluation reporting

Progress and evaluation reports will ordinarily be required for all projects over £5,000. The timescales will be set out at the time of awarding the funding. Timescales for reporting may vary due to reporting obligations that NHCF may have to a particular donor.

6.11 Capital Projects

The Charity will consider funding capital projects with the Trusts where there is a clear joint commitment and agreement with the relevant Trust, including project plans and timescales to deliver a project, regardless of where the initial request came from. The Charity will not agree to fully funding capital projects. Capital projects are assets ultimately owned by the Trusts and have revenue implications.

Where there is agreement, the Charity will decide to a minimum fundraising amount within allowed timeframes, agreeing to underwrite this amount. This amount will not be subject to inflationary pressures. All appeals will have a secondary purpose as per the Charities Act 2022. If the project should fail or should fundraising exceed the publicly advertised target fundraising amount, subject to donors' agreement, funds will be made available to this secondary purpose.

7. Related policies and guidance

- NHCF Authority Levels Policy (Appendix A)
- NHCF Charitable Funds Guide

8. Monitoring and review

- Trustee review of charitable expenditure including grants,
- Audit of Trustees Annual Report and Accounts

Appendix A: Authority Levels Policy

UP TO £1k

1. Initial Subject Matter Expert approval required.
2. Charity Head of Expenditure & impact to approve expenditure

UP TO £10k

Initial Subject Matter Expert approval required.

Charity Chief Executive to approve expenditure.

FROM £10k - £25k

1. Initial Subject Matter Expert approval required
2. Thematic Sub Committee approval required (Chief Executive sits on sub-committees)
 - The committees can consider requests above these limits to recommend to Trustees. The sub-committees must advise the Trustees of any schemes approved over £25,000.

£25k+

1. Expenditure requests require approval from NHCF Trustees. The board sits quarterly.

Additional notes

If an item is a capital expenditure

Agreement with the Trusts needs to be sought in advance. This may include discussions with estates, discussions around revenue, cross Trust discussions etc. Expenditure may be initially approved via Thematic Sub-Committee or NHCF Board but will be subject to full agreement and plans with the Trust and are not binding.

If the total items total more than threshold limits.

Expenditure requests for funding should not be split to avoid expenditure approval thresholds.

Appendix B: About charitable funds

- Charitable Funds arise as a result of donations, legacies, gifts, and fund raising. The overarching management of these funds is carried out by Northamptonshire Health Charitable Fund for Northamptonshire Healthcare Foundation Trust (NHFT), Northampton General Hospital (NGH) and Kettering General Hospital Foundation NHS Foundation Trust (KGH).
- The charity has independent trustees drawn from the local area and representatives of Northampton General Hospital NHS Trust, Kettering General Hospital NHS Foundation Trust and Northamptonshire Healthcare Foundation Trust. They are responsible for providing overall governance of the funds, with guidance, monitoring and approvals undertaken by the separate sub-committees for Patient Pathway, Environment Enhancements and Staff Wellbeing & Development.
- The Charitable Funds are administered by the charity expenditure team, located at Springfield, Cliftonville, Northampton. NN1 5BE who provides a full support and advice facility as well as undertaking the accounting responsibilities.
- The Charitable Funds are registered with the Charities Commission in the name of Northamptonshire Health Charitable Fund with a registration number of 1165702.
- The trustees are responsible for holding the Trust funds, and applying the income where applicable, and at their discretion the free reserves of the charity, for any charitable purpose or purposes in relation to the provision of healthcare, primarily within Northamptonshire.
- To facilitate this the receipt given for donations is in line with Charity Commission guidelines and states that the funds will be used 'for the general purposes of (the) charity, and I desire they use such sum to...'. This means that the Charity will try to spend the donation in accordance with the donor's wishes but retains the right to use them at their discretion.
- Unless raised for a specific objective (i.e. restricted or an appeal), else otherwise agreed, charity funds should be spent within a three-year time period in line with the purposes of the fund and should not be built up for future years (however, see 5.6).