

# Orkney Health Board Endowment Funds Charter

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# Orkney Health Board Endowment Funds Charter

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## **Orkney Health Board Endowment Funds Charter**

### **1 Name of Charity**

- 1.1 The legally registered name of the charity is the Orkney Health Board Endowment Funds.

### **2 Headquarters**

- 2.1 The headquarters will be located in the area covered by the Orkney Health Board, presently Garden House, New Scapa Road, Kirkwall. The [Office of the Scottish Charities Regulator](#) (OSCR) will be advised of any change in the address of the principal office of the charity within three months of such change occurring.

### **3 Role of the Board and Scottish Ministers**

- 3.1 The charity is administered under the terms of sections 82, 83 and 84A of the [National Health Service \(Scotland\) Act 1978](#) (the 1978 NHS Act). The members of the Board will be appointed by the Scottish Ministers, or elected, in accordance with relevant legislation.
- 3.2 The issue of removal of Trustees is a matter reserved for Scottish Ministers who have the authority to remove Board members in certain circumstances ([Section 77](#) of the 1978 NHS Act), or may choose not to re-appoint any member of the Board at the end of the term of appointment.

### **4 Trustees**

- 4.1 The members of the Board will be the Trustees of the charity. However no individual will hold the position of Trustee if they meet one of the criteria for disqualification as set out in [Section 69](#) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Charities Act).
- 4.2 The Trustees will perform general duties as described in [Section 66](#) of the 2005 Charities Act, and satisfy any other obligations in law required of a Trustee. The Trustees are personally accountable in law for the discharge of these duties and obligations.
- 4.3 The Trustees will comply with the 2005 Charities Act with respect to any proposed changes to the governance or management of the charity. This may involve notifying OSCR of some matters, whilst other matters require OSCR approval.

- 4.4 This Charter provides the overall terms of reference for the charity, and the Trustees will uphold its requirements in the governance and management of the charity's business.
- 4.5 The Trustees are responsible for the general control and management of the charity.
- 4.6 The Trustees will approve any updates to this Charter.
- 4.7 The Trustees will convene meetings solely to conduct the business of the charity, with distinct agendas from that of the Board.
- 4.8 In the discharge of their responsibilities, Trustees must place the interests of the charity above all other things, including their own interests and the interests of the Board or any other organisation.

## 5 Statutory Constitution

- 5.1 The founding document of the charity is the 1978 NHS Act. Section 82 of the 1978 NHS Act establishes the endowments to be held by the Board:

*All endowments vested in a Health Board by virtue of section 37 of the National Health Service (Scotland) Act 1972 are so vested free of any trust existing immediately before 1<sup>st</sup> April 1974 (hereafter in this section referred to in relation to any such endowment as "the original trust"); but all such endowments shall be held by the Health Board on trust for such purposes relating to services provided under this Act in or in relation to hospitals, or to the functions of the Board with respect to research, as the Board may think fit.*

*All property vested in a Health Board by virtue of section 39 of the said Act of 1972 is so vested free of any trust existing immediately before the said 1st April (hereafter in this section referred to in relation to any such property as "the original trust"); but all such property shall be held by the Health Board on trust for such purposes relating to services provided by them under this Act, or to the functions of the Board with respect to research, as the Board may think fit.*

*In exercising the power conferred on them by this section in relation to any endowment or property a Health Board shall secure, so far as is reasonably practicable, that the objects of the original trust (including, in the case of an endowment, the objects of the endowment) and the observance of any conditions attaching thereto, including, in particular, conditions intended to preserve the memory of any person or class of persons, are not prejudiced by the exercise of the power.*

5.2 The 1978 NHS Act also sets out the basis of the “purposes relating to services under this Act”:

**Section 1: General duty of Secretary of State.**  
*It shall continue to be the duty of the Secretary of State to promote in Scotland a Comprehensive and integrated health service designed to secure:*

- 1) *improvement in the physical and mental health of the people of Scotland, and,*
- 2) *the prevention, diagnosis and treatment of illness, and for that purpose to provide or secure the effective provision of services in accordance with the provisions of this Act.*

**Section 47 (2):**  
*Without prejudice to the general powers and duties conferred or imposed on the Secretary of State under the Scottish Board of Health Act 1919, the Secretary of State may conduct, or assist by grants or otherwise any person to conduct, 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 he thinks fit.*

## 6 Purposes

6.1 The purposes of the charity are:

<b><i>The advancement of health, through</i></b>	
Improvement in the physical and mental health of the Board's population	Effective prevention, diagnosis and treatment of illness
Provision of services and facilities in connection to the above	
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	
Provision of education and development	

6.2 Conditions attached to a donation or legacy prescribed by a donor to the charity will be observed, so far as is reasonably practicable, and consistent with the above purposes and the law.

6.3 Donations, expenditure and activities must satisfy the public benefit test applicable for a charity. Guidance is available from OSCR [here](#).

6.4 The charity's funds will only be used for purposes described at 6.1 and 6.2.

## **7 Agreed Principles for the use of Endowment Funds**

7.1 By holding the charity's funds on trust, the Board recognises that this places legal responsibilities on individual Trustees.

7.2 The Board requires that the Trustees observe the following principles whilst discharging their responsibilities under this Charter and the law. This is to reduce the risk of any conflict of interest arising between the role of a Board member, and the role of a Trustee.

7.3 The Trustees may issue instructions or procedures, or introduce internal control measures to implement the following principles, to support the discharge of their responsibilities:

- The use of Endowment Funds should not substitute for a core provision within the Board's or another statutory body's financial plans. Nor should Endowment Funds be used to cover a responsibility of the Board which is a direct requirement of health and safety, employment law or a ministerial policy direction.
- An employee of the Board or a Trustee may only benefit from the charity, where the expenditure conferring the benefit satisfies the "public benefit" element of the charity test, as set out in the 2005 Charities Act, and guidance on "[Meeting the Charity Test](#)" published by OSCR. Expenditure must be aimed at improving health, or the prevention, diagnosis or treatment of illness for the Board's residents and any benefit to the employee must be necessary for (and incidental to) realisation of that public benefit.
- The charity's funds in totality, nor any individual fund (restricted or unrestricted), must not be permitted to go into deficit at any time.
- It is solely for the Trustees to determine how the charity is to be administered, and what expenditure is permitted, providing that all decisions are consistent with this Charter. The Trustees will discharge their responsibilities free from any external direction.
- All charity expenditure must comply with this Charter, and have received the direct approval of the Trustees or be within the limits of expressly delegated authority which the Trustees have granted to an individual or a committee.
- The fund is open to other organisations or individuals for the purpose of advancement of health. Such requests for funding must be supported by the relevant department within the Board, ensuring that such expenditure is complementary to Board provision of services.

## **8 Governance and Administration**

- 8.1 The Trustees will approve Standing Orders for the conduct of Trustees' meetings and business.
- 8.2 The Trustees will adopt the Board's Standing Financial Instructions (SFIs) for the charity's activities. However the Trustees may adapt these provisions in order to best serve the requirements of the charity.
- 8.3 The Trustees will directly approve all matters relating to the charity, unless they have expressly delegated the matter to another person or committee.
- 8.4 The Trustees will approve the arrangements for the management and administration of the charity.
- 8.5 The Trustees will approve all policies and procedures to be applied to the administration of the charity's activities.

## **Appendix 1 STANDING ORDERS FOR THE MEETINGS OF THE TRUSTEES OF THE HEALTH BOARD ENDOWMENT FUND**

### **1 General**

- 1.1 These Standing Orders are for the regulation of the conduct and proceedings of the Health Board's Endowment Funds. The Standing Orders cover the meetings of the Trustees, and any committees or subcommittees which the Trustees may establish.
- 1.2 Any statutory provision or regulation will have precedence if there is a conflict with these Standing Orders.
- 1.3 Any one or more of these Standing Orders may be suspended on a duly seconded motion, incorporating the reasons for suspension, if carried by a majority of the Trustees present.
- 1.4 Any one or more of these Standing Orders may be varied or revoked at a meeting of the Trustees by a majority of Trustees present and voting, provided the agenda for the meeting at which the proposal is to be considered clearly states the extent of the proposed repeal, addition or amendment.
- 1.5 In these Standing Orders, references to the male gender will apply equally to the female gender.
- 1.6 A copy of these Standing Orders will be provided to Trustees on appointment.

### **2 Trustees**

- 2.1 The Trustees are set out in the Health Board Endowment Funds Charter.

### **3 Chair**

- 3.1 The Chair of the Trustees will be elected from within the non-executive Trustees. In the event of more than one nomination the incumbent chair will organise a fair selection process which takes account of the Trustees' views. In the absence of nominations the incumbent chair will nominate a successor for the approval of the Trustees.
- 3.2 At every meeting of the Trustees the Chair, if present, will preside. If the Chair is absent from any meeting a Trustee, who is also a non-executive, will be nominated in advance by the Chair. If the Chair has been unable, through unforeseen circumstances, to nominate a replacement in advance, a Trustee, who is also a non-executive member, will be chosen at the meeting to preside.
- 3.3 The duty of the person presiding at a meeting of the Trustees or the subcommittee, is to ensure that the Charter and these Standing Orders are observed, to preserve order, to ensure that all the Trustees have an opportunity to contribute and are treated fairly and with respect, and to determine all

questions of order and competence. The ruling of the person presiding will be final and will not be open to question or discussion.

- 3.4 The Chair may resign office at any time on giving notice to the Scottish Ministers and will hold office in accordance with appointment by Scottish Ministers unless he is disqualified.

#### **4 Secretary**

- 4.1 The Trustees will agree a Secretary. The committee secretarial support may be commissioned as a service from NHS Orkney.

#### **5 Resignation and Removal of Members**

- 5.1 A Trustee may resign office at any time during the period of appointment by giving notice in writing to the Scottish Ministers to this effect.
- 5.2 If the Scottish Ministers consider that it is not in the interests of the health service that a member of the Board should continue to hold that office they may forthwith terminate that person's appointment. Any individual whose appointment to the Board is terminated will automatically cease to be a Trustee.
- 5.3 Where any Trustee becomes disqualified in terms of Section 69 of the Charities and Trustee Investment ("Scotland") Act 2005 (the 2005 Charities Act), that Trustee will immediately cease to be a Trustee.

#### **6 Ordinary Meetings**

- 6.1 The Trustees will meet at least twice in the year and meetings of the Trustees, unless otherwise determined in relation to any particular meeting, will be held at a date, time and venue determined by the Trustees or the Chair and specified in the notice calling the meeting.
- 6.2 Subject to Standing Order 6.6 below, the Secretary will convene meetings of the Trustees by issuing to each Trustee, not less than five clear days before the meeting, a notice detailing the place, time and business to be transacted at the meeting, together with copies of all relevant papers (where available at the time of issue of the agenda).
- 6.3 Meetings of the Trustees may be conducted in any other way in which each member is enabled to participate although not present with others in the same place.

- 6.4 A meeting will be conducted in accordance with 6.3 above only on the direction of the Chair, or in the absence of the Chair, the Trustee nominated to act as Chair for that meeting.
- 6.5 Any notice of meeting will be delivered electronically to each Trustee or sent by post to the place of residence of each Trustee, or such other address as notified by them to the Secretary.
- 6.6 Inadvertent lack of service of the notice on any Trustee will not affect the validity of a meeting.

## **7 Decisions Reserved for Trustees' Meetings**

- 7.1 The following matters can only be approved at a Trustees' meeting:

### **Policies, Strategies, Management of the Fund – approval and changes**

- Endowment Funds Charter
- Terms of reference of any committee or subcommittee to be established by the Trustees in order to discharge their responsibilities and manage the activities of the charity
- Any strategy relevant to the charity
- Any policy or procedure pertinent to the system of governance and control to be applied to the charity's activities including the policies relating to acceptance of donations and approach to investment. These policies are set out as appendices 3 and 4.
- Annual budgets and the charity's Reserves Policy
- Expenditure policy including the Scheme of Delegation
- Arrangements for management and administration of the charity
- Appointment of external auditors, and agreement of their fees
- Appointment of investment advisors and changes to the Investment Policy

### **Specific activities**

- Annual accounts, report, and required returns to OSCR
- Acceptance of any legacy or bequest in excess of £50,000
- The opening of bank accounts
- Salary recharge requests
- Approval of programme grants
- Establishment of research funds
- Any proposal for expenditure on a single item over £10,000
- Any expenditure from the general fund of over £1,000 which is not covered by the approved annual budget
- Any proposal to open new funds or change existing fund purpose
- Fundraising activities, including appropriate use of "in aid of"
- Any proposal to rationalise the number of separately identified funds.

To ensure the Trustees have adequate background information to decide on the matters above, they will receive at least annually the following information in addition to documents specifically mentioned above:

- A report on the investments and their performance
  - A list of all funds under separate stewardship, including a full statement of the objective for any separately identified funds over £5,000.
- 7.2 The Trustees cannot delegate their responsibilities; however they can delegate necessary functions for the conduct of their business (other than that described at 7.1) to the subcommittee or to individual Trustees or officers.
- 7.3 The Trustees may delegate responsibility for certain matters to the Chair for action. In such circumstances, the Chair's action should be homologated at the next ordinary meeting of the Trustees.
- 7.4 The Trustees may delegate oversight of endowment funds matters between full Trustees meetings and give delegated decision making powers to a subcommittee of Trustees. The remit and delegated authority of the endowment subcommittee is set out in Appendix 2.
- 7.5 The Trustees will approve the Endowment Funds operating procedures (Appendix 5) which sets out the respective responsibilities and authority of individuals acting on the Trustees' behalf.
- 7.6 The Trustees may, from time to time, request reports on any matter or may decide to reserve any particular decision for a meeting of the Trustees.

## **8 Special Meetings**

- 8.1 The Chair of the Trustees may call a special meeting of the Trustees at any time provided that at least three days notice is given.
- 8.2 The Chair of the Trustees will call a special meeting of the Trustees on receipt of a requisition in writing for that purpose - which specifies the business to be transacted at the meeting; and is signed by one third of the Trustees.
- 8.3 In the case of a requisitioned meeting, the meeting will be held within 14 days of receipt of the requisition and no business will be transacted at the meeting other than that specified in the requisition.
- 8.4 If the Chair refuses to call a meeting of the Trustees after a requisition for that purpose, or if, without so refusing, does not call a meeting within seven days after such a requisition has been presented, those Trustees who presented the requisition may call a meeting by signing the notice calling the meeting - provided that no business will be transacted other than that specified in the requisition.

## 9 Conduct of Meetings

- 9.1 A meeting of the Trustees will be deemed to have been held when a quorum of at least one third of the Trustees are present, of whom at least two of those present are non-executive members. In the event of this quorum not being reached, it will be deemed that the meeting has not taken place, and consequently no Trustees business will be transacted or minuted. The Chair may set a time limit to permit the required number of Trustees to be present before formally abandoning the proceedings. If a Trustee leaves during a meeting, with no intention of returning, and this has the effect of removing the quorum, the meeting will be brought to an end.
- 9.2 In the event of a Trustees' meeting not proceeding due to quorum not being reached, the Chair will record the circumstances and report them to the next meeting of the Trustees.
- 9.3 No business will be transacted at any meeting of the Trustees other than that specified in the agenda except on grounds of urgency and with the consent of the majority of the Trustees present. Any request for the consideration of an additional item of business will be raised at the start of the meeting and the consent of the majority of Trustees for the inclusion must be obtained at that time.
- 9.4 With prior agreement the Chair may propose that certain minor items of business may be conducted electronically. This may include the distribution of reports purely for noting (not for approval) and the clarification of matters requested during the meeting. The Trustees must be afforded the same access to papers as they would for an ordinary meeting. Electronic comments and approvals may be received any time during the notice period (which should not be less than five days) and must be shared with all Trustees. Quorum will be the same as for an ordinary meeting and the Chair will judge the final outcome of the decision based on comments received.
- 9.5 All acts of, and all questions coming and arising before, the Trustees will be done and decided by a majority of the Trustees present and voting at a meeting of the Trustees. Majority agreement may be reached by consensus without a formal vote. Where there is doubt, the Trustees will formally vote by a show of hands, or by ballot, or any other method determined by the person presiding at the meeting.
- 9.6 In the case of an equality of votes, the person presiding at the meeting will have a second or casting vote.
- 9.7 A motion, which contradicts a previous decision of the Trustees, will not be competent within six months of the date of such decision, unless:
  - At the time the original motion was passed it was noted as provisional and subject to amendment within six months, or
  - The need for the change comes from a new legal requirement, a newly introduced, or a clarification of a, legal point that was not available at the time of the original decision.

- 9.8 If a decision is rescinded, it will not affect or prejudice any action, proceeding or liability that may have been competently done or undertaken before such decision was rescinded.

## **10 Minutes**

- 10.1 The names of Trustees and other persons present at a meeting of the Trustees, or of a subcommittee of the Trustees, will be recorded in the minutes of the meeting.
- 10.2 Minutes of the proceedings of meetings of the Trustees and its subcommittee and decisions thereof will be drawn up by the secretary, and submitted to the next ensuing meeting of the Trustees or subcommittee to be approved as factually accurate.

## **11 Order of Debate**

- 11.1 Any motion or amendment will, if required by the Chair, be produced in writing, and after being seconded, will not be withdrawn without the leave of the Trustees. No motion or amendment will be spoken upon, except by the mover, until it has been seconded.
- 11.2 After debate, the mover of any original motion will have the right to reply. In replying he will not introduce any new matter, but will confine himself strictly to answering previous observations and, immediately after his reply, the question will be put by the Chair without further debate.
- 11.3 Any Trustee in seconding a motion or an amendment may reserve his speech for a later period of the debate.
- 11.4 When more than one amendment is proposed, the Chair of the meeting will decide the order in which amendments are put to the vote. All amendments carried will be incorporated in the original motion which will be put to the meeting as a substantive motion.
- 11.5 A motion to adjourn any debate on any question or for the closure of a debate will be moved and seconded and put to the meeting without discussion. Unless otherwise specified in the motion, an adjournment of any debate will be to the next meeting.

## **12 Adjournment of Meetings**

- 12.1 A meeting of the Trustees, or of the subcommittee, may be adjourned by a motion, which will be moved and seconded and be put to the meeting without discussion. If such a motion is carried, the meeting will be adjourned until the next scheduled meeting or to such day, time and place as may be specified in the motion.

### **13 Declaration of Interests and Register of Interests**

- 13.1 Trustees must observe all their obligations under the 2005 Charities Act and as set out in the Charter. All Trustees must put the interests of the charity before their own personal interests or other duty they may have, or any other person or organisation.
- 13.2 The Trustees must follow the processes established for members of the Board, for compliance with the Ethical Standards in Public Life Act (Scotland) 2000. Any interests registered or declared as a consequence of observing the associated Code of Conduct (the Code), will be used for the application of these Standing Orders. A separate Register of Interests will be maintained for the Trustees from the Register maintained for Board members.
- 13.3 Any Trustee who has a clear and substantial interest in a matter under consideration by the Trustees or the subcommittee should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the Trustees' register of interests. Such declarations should make clear the interest and whether it is of an either direct or indirect financial nature.
- 13.4 Where such an interest is of a direct or indirect financial nature, the member involved should withdraw from any meeting and not speak, participate in or otherwise seek to influence any decision taken by the Trustees or subcommittee relating to the matter under discussion.
- 13.5 Trustees who are also principals or other employees of bodies which receive funds from the charity (other than the Board) may participate in general discussions and decisions regarding such bodies, but should withdraw and not participate in any discussion or decision which relates principally to the particular institution with which they are associated. The Chair must take particular care to ensure that no possible conflict of interest in this area is allowed to arise.
- 13.6 Where a Trustee has an interest that is not financial but which is relevant to the Trustees' business, that interest should be declared. Where the interest is substantial, the member involved should withdraw from discussions and decisions relating to that interest. Where an interest arises from membership of a public body and is not of a financial nature, full participation in the discussion and decision is permitted.
- 13.7 In all cases, 'Trustees' interests' covers also the interests of any related parties, including family members or members of the same household who may be expected to influence, or be influenced by, Trustees.
- 13.8 In all circumstances, Trustees must ask themselves whether members of the public, knowing the facts of the situation, could reasonably conclude that the interest involved might influence the approach taken to the actions of the Trustees. If so, the interest is sufficient to oblige the Trustee to withdraw.
- 13.9 In case of doubt as to whether any interest or matter should be the subject of a notice or declaration under the Code, Trustees should err on the side of caution

and submit a notice/make a declaration or seek guidance from the Secretary as to whether a notice/declaration should be made.

- 13.10 Where the Code requires an interest to be registered, or an amendment to be made to an existing interest, this will be notified to the Secretary by giving notice in writing using the standard form available from the Secretary within one month of the interest or change arising.
- 13.11 The Secretary will write to Trustees every year to request them to formally review their declaration. Trustees will have one month to give notice of any registerable interests under the Code, or to make a declaration that they have no registerable interest in each relevant category as specified in the standard form supplied by the Secretary.
- 13.12 The Secretary is responsible for maintaining the Register of Interests and for ensuring it is available for public inspection at the principal office of the charity at all reasonable times.
- 13.13 The Register will include information on:
- The date of receipt of every notice
  - The name of the person who gave the notice which forms the entry in the Register
  - A statement of the information contained in the notice, or a copy of, that notice.
- 13.14 Trustees must make a declaration of any gifts or hospitality received in their capacity as a Trustee. Such declarations will be made to the Secretary, and the declarations will be made available for public inspection at all reasonable times at the principal office of the charity.

## **14 Suspension of Trustees**

- 14.1 Any Trustee who disregards the authority of the Chair, obstructs the meeting, or conducts himself offensively will be suspended for the remainder of the meeting, if a motion (which will be determined without discussion) for his suspension is carried. Any person so suspended will leave the meeting immediately and will not return without the consent of the meeting. If a person so suspended refuses, when required by the Chair, to leave the meeting, he may immediately be removed from the meeting by any person authorised by the Chair.

## **15 Admission of Public and Press**

- 15.1 Meetings of the Trustees and the subcommittee will not be open to the public and press unless the Trustees decide otherwise in respect of a particular meeting.

## 16 Committees

- 16.1 The Trustees may appoint such committees and subcommittees as they think fit to uphold the Charter and discharge their responsibilities. The Trustees will approve the terms of reference of any such committee or subcommittee.
- 16.2 Any Trustee may deputise for another Trustee at any meeting.
- 16.3 Committee Chairs and Vice-Chairs will be appointed by the Trustees on the recommendation of the Chair of the Trustees.
- 16.4 The Chair of a committee may call a meeting of that committee at any time and will call a meeting when requested to do so by the Trustees.
- 16.5 The foregoing Standing Orders, so far as applicable, and so far as not hereby modified, will be the rules and regulations for the proceedings of formally constituted committees and subcommittees, subject always to the following additional provisions:
- A quorum for a committee or subcommittee will in no case be less than two Trustees who are also non-executive members. The requirement for a quorum to be present, as described in Paragraph 9.1, will apply to committee and subcommittee meetings, except that the Chair will wait no longer than 10 minutes from the announced starting time for a quorum to be reached.
  - In the event of a committee meeting not proceeding due to its quorum not being reached, the committee Chair will record the circumstances and formally report this to the next meeting of the Trustees. In the case of a subcommittee, the report will be provided to its parent committee.
  - If the absence of the Chair of the committee or subcommittee has contributed to quorum not being achieved, then another non-executive member of the committee or subcommittee (who was present) should prepare the report. The relevant Executive Director should prepare the report if there were no non-executive members present.
  - All Trustees have the right to attend all committees and subcommittees except where the terms of reference do not permit this.
  - All papers and minutes should be drafted on the presumption that they will become immediately accessible to the public under the Freedom of Information (Scotland) Act 2002. The designation as “Reserved Business” should be used for any reports or minutes that are felt by the responsible Director to be confidential. This must be justified in respect of a specific exemption under the Act.
  - Committees of the Trustees and their Chairs can be appointed at any meeting of the Trustees. Vacancies in the membership of Committees will be filled, so far as practicable, by the Trustees at the next scheduled meeting following a vacancy occurring.

- Committees of the Trustees may appoint subcommittees and Chairs thereof as may be considered necessary.
- Minutes of the proceedings of committees will be drawn up by the Secretary and submitted to the Trustees at the first scheduled meeting held not less than seven days after the meeting of the Committee for the purpose of advising the Trustees of decisions taken.
- Minutes of meetings of subcommittees will be submitted to their parent committee at the first scheduled meeting of the parent committee held not less than seven days after the meeting of the subcommittee for the purpose of advising the committee of decisions taken.
- A committee, or subcommittee may, notwithstanding that a matter is delegated to it, direct that a decision should be submitted by way of recommendation to the Trustees or parent committee for approval.

## **Appendix 2 TERMS OF REFERENCE FOR THE BOARD ENDOWMENT FUNDS SUBCOMMITTEE**

**The remit of the Board Endowment Funds subcommittee is:**

To review proposals and make recommendations to the Trustees with respect to:

- The investment strategy including policy on investment risks
- The appointment of investment managers
- Reserves policy
- The annual budget for the general fund
- Expenditure policy
- Salary recharge requests
- Programme grants and research proposals
- Donations policy
- The opening of bank accounts
- The appointment of auditors
- Any operating policy or procedure to support good governance and internal control of the charity
- Any matter that may assist the Trustees in discharging their duties.

In support of the above the subcommittee will receive the following reports:

- Investment management, considering performance of the portfolio against relevant benchmarks and investment objectives
- Fund income and expenditure, and balance sheet
- Expenditure against the approved annual budget
- Donation listing
- Full list of all restricted funds.

The subcommittee has delegated authority to:

- Approve any proposal for expenditure on a single item up to £10,000, from restricted funds and within the approved annual budget (designated funds)  
Retrospective awarding of bids is not permitted
- Accept bequests or legacies between £5,000 and £50,000.
- Consider the annual accounts and any audit findings in detail before recommending approval of the accounts to the Trustees
- Investigate any activity within its terms of reference.
- Seek any information it requires from any Board employee. All employees are directed to co-operate with any request made by the subcommittee.
- Obtain outside legal or other independent professional advice, and to secure the attendance of external expertise, if considered necessary.

If an issue discussed cannot be resolved within the Charter, policies and operational procedures, the issue must be referred to the Trustees.

**Membership:**

The Trustees of the Endowment Funds will appoint five Trustees as members of this subcommittee. The members' term of office will be established at their appointment.

The Chair of the Endowment Funds will also be the chair of the Endowment subcommittee unless an alternative arrangement is agreed by the Trustees.

All Trustees have the right to attend subcommittee meetings, and to access the papers.

Members of the subcommittee will nominate a person to provide secretarial services. This will be as part of the management and administrative services provided by the Board.

Other individuals, such as employees of the Board, will be invited to attend as business requires. A standing invitation to be in attendance will be extended to:

- Treasurer
- Orkney Health and Care representative
- Two representatives from the Area Clinical Forum or supporting advisory committees (does not have to be office bearers)
- Two representatives from the Area Partnership Forum Support services representative
- Hospital clinical representative
- Two members of the public

**Frequency of Meetings:**

Meetings will be held at such intervals as the subcommittee may determine in order to conduct its business. In any event, meetings will normally be held four times a year.

Standing items on the agenda will include a donation listing and a report on expenditure against budget.

Funding requests will be considered at least twice annually and more frequently as required.

**Quorum:**

The subcommittee will not be regarded to meet, and no business will be conducted or minutes taken, unless there are three Trustees present, two of whom must be non-executive members of the Board.

**Reporting Arrangements:**

The subcommittee will report to the Trustees by means of submission of minutes to the next available Trustees' meeting.

### Appendix 3 DONATIONS POLICY

Trustees recognise that the acceptance of donations is an extremely sensitive area. It is essential that, when accepting donations, consideration is given to the charity's ability to fulfil the wishes of the donor as well as any potential impact on the charity's reputation.

Donations, expenditure and activities must satisfy the [public benefit test](#) applicable for a charity.

The Fund's charitable purpose is:

<b><i>The advancement of health, through</i></b>	
Improvement in the physical and mental health of the Board's population	Effective prevention, diagnosis and treatment of illness
Provision of services and facilities in connection to the above	
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	
Provision of education and development	

#### **Acceptable donations**

Donations from the following donors are considered acceptable provided they are in keeping with the charitable purpose of the Endowment Fund:

- Patients, relatives or visitors of patients
- Charitable organisations
- Members of the general public
- Employees
- Local authorities
- The local business community
- Fundraising activities approved by the Trustees.

#### **Unacceptable donations**

Donations **must not** be accepted from a commercial organisation during any tender negotiating process.

The following donations are considered unacceptable:

- From individuals or organisations where any association could bring the NHS into disrepute
- From any individual or organisation which may seek to gain publicity or use the fact of a donation in any advertising campaign which is not consistent with the aims and values of the Endowment Fund

- Any donation where it would appear that the NHS is endorsing or promoting any particular medicinal or other product.

If the Trustees deem a donation to be unacceptable, it will be returned to the donor or credited to exchequer Funds.

## Considerations

- Donations from existing or future suppliers to the NHS. Such donations may be acceptable but it should be made clear that any such arrangements are completely separate from normal commercial transactions.
- Special attention should be given to donations from patients or relatives. In particular nothing should be done which might appear to either put pressure on or offer inducements to patients or their relatives to contribute.
- For all donations
  - Donors should be encouraged to donate funds on as general a basis as possible in order to maximise the flexibility and the benefit that can be derived from their deployment.
  - There needs to be appropriate consideration as to whether any specific wishes of the donor are consistent with the charitable purposes of the fund or are for a purpose which the Trustees are likely to support or are for a Board service or facility which the Board is likely to be able to deliver.
- Bequests and legacies:
  - Members of the subcommittee are required to decide on the acceptance of bequests and legacies of between £5,000 and £50,000 in value taking into account the above guidance.
  - Bequests and legacies in excess of £50,000 require an acceptance decision from the full Trustees.
- Revenue implications on donations over £1,000 must be agreed in advance with the Finance Department before the contribution is accepted.
- Fund raising is to be encouraged (to support the charitable purposes of the fund)
- For any large scale campaign, the Trustees are required to consider and approve the campaign. Any marketing material must make it clear that any funds raising will be received by the Orkney Health Board Endowment Funds, and clearly display our Charity Number.

## Reporting

A donations listing will be a standing item on the subcommittee agenda.

## **Appendix 4 INVESTMENT STRATEGY**

The assets of the Endowment Funds will be invested to provide a balance between long term growth, security, availability and maximisation of annual income, with low to medium levels of risk and to avoid unethical investments.

Decisions on investment strategy and the types of investment to acquire and retain are complex and require the services of independent investment advisers.

The annual budget of the Endowment Funds will be set at such a level that takes account of both the annual expenditure commitment and any foreseeable level of fluctuation within the finance markets.

A report from the investment adviser should be considered by the subcommittee quarterly and the Trustees at least annually. The Trustees will at least annually consider whether a change to the investment arrangements would be in the interests of the charity. Specific instructions to the advisors to make changes to the investment portfolio will be signed by a Trustee and another authorised signatory (such as Treasurer, Secretary or designated Finance staff).

As part of preparing the annual accounts there will be a reconciliation of the year end valuation summaries produced by the investment adviser and the balances in the Endowment Funds financial statements.

### **Investment parameters and risk**

The investment portfolio has been divided between equities and government stocks:

- Investments must not carry a high risk
- Overseas equities should not exceed 75% of the total portfolio
- No initial investment should exceed 10% of the total value of funds under management
- The market value of managed funds will not exceed 95% of the total fund's reserves
- Both capital and income may be used at any time for the furtherance of the charity's purpose.

### **Ethical Investments**

As the charity is part of the NHS, certain investments are viewed unfavourably. NHSO excludes direct investment and investments in bonds or funds where the principal holdings are in the companies whose principal business:

- Is (or has an interest in) directly health damaging products: including tobacco; armaments (weapons or weapons systems); infant formula (baby milk) supplied in developing countries.

- Are activities including the manufacture or sale of products which have the potential to be health damaging such as alcohol, nicotine, gambling (including the operation of casinos, racetracks, betting shops or suppliers and operators of gaming machines), supplying the weapons industry, the production, distribution or wholesaling of pornography.

**Orkney Health Board**

**Endowment Funds Operating Instructions**

**Orkney Health Board**  
**Appendix 5 Endowment Funds Operating Instructions**

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## 1 Definition and Purpose of Endowments

An endowment is money or property donated to a Health Board. All such endowments will be held by the Health Board on trust for such purposes relating to services provided under the National Health Service (Scotland) Act 1978 (the 1978 NHS Act), as the Board may determine as appropriate.

The legal framework under which charities operate is the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Charities Act). The Endowment Funds have registered with OSCR (the Office of the Scottish Charities Regulator) and so must comply with the 2005 Act.

The Board members, who are also the Trustees of the Endowment Funds, are appointed by the Scottish Ministers.

The purpose of the Board's Endowment Funds is:

<b><i>The advancement of health, through</i></b>	
Improvement in the physical and mental health of the Board's population	Effective prevention, diagnosis and treatment of illness
Provision of services and facilities in connection to the above	
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	
Provision of education and development	

In addition, the Trustees will 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 law.

There are three types of endowment fund: Unrestricted, Restricted and Endowment/Permanent funds. These terms are defined below:

- **Unrestricted:** these may be used at the discretion of the Trustees for wholly general purposes or restricted to a particular site.
- **Restricted:** these funds are donated for a specific purpose eg for the benefit of a particular ward, or for a particular area of research.
- **Endowment/Permanent:** these are funds whose capital element is preserved and only the income arising from them may be spent.

NHS Orkney does not hold any Permanent Endowment Funds.

Fund holders must accept the charitable nature of these funds and the need to observe charity law at all times. The Trustees are legally accountable for the funds and have approved these procedures to give direction and support to fund holders.

By following these procedures fund holders will comply with the law and also ensure that all funds are used in line with their stated purpose.

Whilst this document is intended as a comprehensive guide it is not possible to cover every eventuality or always to give absolute guidance. For further advice or clarification fund holders should in the first instance contact the Director of Finance or the Treasurer.

Where such guidance is not clear, in all cases the Trustees decision is final.

## **2 Governance**

The Trustees are responsible for the general control and management of the charity. Governance arrangements are detailed in the Endowment Funds Charter and Standing Orders approved by the Trustees. Fund holders should also have regard to the Donations Policy and Investment Policy which form part of the Charter.

### **2.1 Setting up a new fund**

It is at the Trustees absolute discretion whether or not they will set up and accept responsibility for a new restricted fund. The creation of new funds is tightly controlled, to promote the most effective use of charitable resources.

An application to set up a new fund form must be completed and submitted to the Director of Finance who will review the application to determine whether:

- The purpose of the proposed fund can be accommodated within the overall charitable purpose of the Endowment Funds
- It is too specific and unduly restricts the use of donations
- There is already a fund serving the same purpose. If such a fund exists a new fund will not normally be opened
- The level of expected income is sufficient to justify the creation of a new fund
- The proposed fund holder has the support of the relevant Director.

The Director of Finance will approve the opening of new funds and report all such new funds to the next meeting of the Trustees, along with a note of the objectives of each such fund.

All applications for new restricted funds must nominate two fund holders one of whom will be identified as the lead fund holder. All proposed fund holders and any other authorised signatories to the fund must provide sample signatures.

A list of current funds is available from the Treasurer.

### **2.2 Fund holders and Signatories**

There are deemed to be two levels of fund holders.

Every restricted and designated fund will have a fund holder who is responsible for ensuring:

- Donations received can be used within the terms of the charter
- Donations are appropriately acknowledged
- Identifying plans for the expenditure within the terms of the charter and the purpose of the fund
- Preparing and presenting bids to the subcommittee which are above their delegated authority
- Appropriate verification of all expenditure is obtained and provided to the Treasurer
- Presenting a report on expenditure to the subcommittee as required.

Senior fund holders will normally be the line manager of the fund holder. The senior fund holder has a higher level of delegated authority for expenditure.

New fund holders must be proposed by the senior fund holder (for existing funds) and must be supported by the relevant Executive Director.

Fund holders and signatories:

- Must be employees of NHS Orkney
- Are appointed at the discretion of the Director of Finance on behalf of the Trustees
- Will not automatically transfer to another person without the approval of the Director of Finance on behalf of the Trustees.

Authorised signatories are limited by the amounts approved by the Trustees, and by procedures set out in the Board's Standing Financial Instructions (SFI's) and Scheme of Delegated Authority. Delegated authority levels for Endowments are set out in section 4 of this guidance.

All fund holders and signatories must comply with the Board's Code of Conduct and that of any professional body to which they are affiliated, as well as observing the guidance set out in these operating instructions.

Staff authorised to sign official documents on behalf of the Fund, including purchase orders, are:

- Chief Executive
- Director of Finance
- Head of Finance
- Corporate Services Manager
- Designated restricted account fund holders and signatories .

Staff authorised to sign cheques drawn on the Fund's bank accounts are set out in the Board's bank mandate.

In accordance with the Board's SFI's, only the Director of Finance can open a bank account for the activities of the Endowment Funds or in the name of the Endowment Funds.

Fund holders and signatories, or someone with whom they are closely related, must not gain any personal benefit from the Endowment Funds.

Reimbursements or expenditure requests relating to a fund holder or signatory personally (eg travel costs, conference fees) must be countersigned by a line manager (who is not a fund holder). Fund holders and signatories must never authorise payments to themselves or someone with whom they are closely related.

### **2.3 Reporting Requirements**

Expenditure from funds is the legal responsibility of the Trustees. The Trustees take a proportional approach to reporting requirements so that the larger the fund the more comprehensive the reporting requirements.

To ensure that expenditure is properly monitored the Trustees will require spending plans for:

- Funds with larger balances
- Funds which are not being used and are accumulating
- A fund which receives significant unplanned income during the year.

If no suitable proposals are received from the fund holder, or the funds have not been used effectively for two years without good reason, the Trustees reserve the right to assume control of the funds until the spending plan is received.

All fund holders are encouraged to make senior colleagues within their department aware of the existence of the fund and ensure its use is discussed.

### **2.4 Reserves Policy**

Normally charitable funds must be applied within a reasonable time; however, the Trustees recognise that flexibility may be appropriate for some funds.

Reserves may only be held in support of specific projects. This might include the need to accumulate funds to purchase a particular piece of equipment by a given date. A target reserve figure and a timetable for monitoring and reviewing the balance must be given. The target reserve should take into account likely future donations to the fund and expenditure plans.

If fund holders wish to keep reserves for more than three years this must be explained giving a clear timetable for their application beyond this period.

### **2.5 Ceasing to be a Fund holder**

The Trustees will remove fund holder or signatory status where they believe any of the requirements in this document are not being met. In such cases they will either take direct control of the fund or delegate authority to an alternative fund holder or signatory.

If a fund holder or signatory retires or leaves the Board's employment they will automatically cease to be a fund holder or signatory. As they approach retirement or departure from the Board they must arrange a smooth handover of their responsibilities to an appropriate individual. Such a transfer will require formal sign off through the normal procedure for adding a new fund holder.

Donations and fund balances cannot be transferred to follow a former fund holder to a new employer or normally to a different clinical department or ward.

## **2.6 Minimum Balance**

If a fund's balance falls below £100 and there is no evidence of significant new donations to the fund the fund holder may be asked to decide on appropriate application of the remaining funds within six months and the Trustees may act to close the fund.

## **2.7 Closure or Amalgamation of Funds**

If it is evidenced that a restricted fund no longer serves a useful purpose the Trustees could apply to the Court of Session to vary the fund purposes. If the fund was de-restricted, then the Trustees could use the fund for general purposes.

Where the Trustees approve the closure of a fund any remaining balance may be transferred to another fund with similar purposes.

Additionally fund holders of two or more similar funds may agree that it would be beneficial to amalgamate eg to focus fundraising activities; to make a strategic purchase or enhancement.

## **2.8 Changes to a Fund**

In addition to changes to stewardship, and closure or amalgamation of funds there may be other changes that fund holders wish to make to the funds they manage.

Any proposed changes to the name and purpose need to be presented to the Trustees for approval.

# **3 Income**

## **3.1 General**

The acceptance of money or property as a charitable donation is entirely at the Trustees discretion.

Donations may be received from several sources including but not limited to:

- Individuals – patients, relatives, visitors
- Charitable organisations
- Members of the public

- Employees
- Local authorities
- Business community
- Fundraising activities which are approved by the Trustees.

It is important that any contributions to the funds do not carry any conditions which fall outside the charitable purpose. It is also vital to consider ethical issues. The Donations Policy should be consulted for advice on considerations.

The Director of Finance should be consulted prior to acceptance, in situations where there is doubt whether the gift falls within the purpose of the Endowment Funds or within ethical criteria.

In the absence of any condition being identified at the time of the donation it will be assumed that there are none, and it will not subsequently be reassigned.

All charitable donations received by staff in the course of their employment must be paid into the Endowment Funds.

All monetary gifts intended only for staff personal benefit are not charitable in nature and must not be accepted. Donations from commercial organisations during any tender negotiating process must be refused.

Donors may specify how their donation is used. Beyond existing specific funds or simple restrictions donors should be dissuaded from complex restrictions that cannot sensibly be met (in particular for specific items of equipment, brands or suppliers).

### **3.2 Acknowledgement of Donations**

It is important that all persons donating money to the Board are gratefully and appropriately thanked at the earliest opportunity.

Donations from patients, relatives and friends may be received by wards and departments or by post at the Board Headquarters.

Donations received by wards or departments may be acknowledged verbally, but even so, where possible all donations should be acknowledged in writing. This is a MUST for all donations over £500, by the ward or department receiving the donation.

For all donations received, the Notification of Donation Form should be completed and sent with the donation to the finance department, detailing what action has been taken and what further action is required. See Appendix 1.

Under no circumstances should monies be retained by any members of staff or banked in an unauthorised bank account. Monies must be taken to the finance department at the earliest opportunity to safeguard staff and donors.

Donations received via funeral directors will be acknowledged appropriate to the circumstances. In all cases a letter of receipt will be given to the funeral director.

The Director of Finance may revise the Notification of Donation form for operational requirements. Any such revised form devised by the Director of Finance must be taken to the next subcommittee meeting for approval.

### 3.3 Tax Position

Donors who are UK taxpayers can make donations using the Gift Aid scheme. Fund holders should make themselves aware of the Gift Aid scheme and encourage donors to make a declaration as it adds a great deal to the basic donation.

Gift Aid claimed will be credited to the same fund as the donation.

Gift Aid cannot be claimed on donations from organisations or on the proceeds of fundraising events.

Where a legacy fulfils the charity test it will be more tax efficient to take the legacy to endowments rather than exchequer funding. Capital Gains Tax will not be payable on this part of the estate as it is a charitable donation.

### 3.4 Income Generation

Board employees may hold fundraising events in their own time. Such events should be described as being held “in aid of” as neither the Board nor the Trustees will accept liability for injury or loss incurred at the event.

Fundraising campaigns are to be encouraged however they require consideration and approval by the Trustees in the context of guidance contained in MEL (2000)13.

The Trustees wish to discourage payment of personal income into endowments. However it is at a clinician’s discretion whether or not they choose to pay any allowable income into an endowment fund. “Occasional” earnings such as lecture fees may be assigned directly to endowment funds according to tax law (Schedule D case VI), provided that the fees are small in value, infrequent, and for a limited range of services; via an “Annual Declaration for the Assignment of Private Medical/Lecture Fees to a Medical Charity”.

Trustees normally only accept voluntary income i.e. donations and legacies. Where a fund holder receives grant income, sponsorship income or income from any commercial, non-charitable activity the Director of Finance will advise whether such income is acceptable to be credited to endowment funds or whether it should be regarded as exchequer funding. Where this relates to programmes or research projects, this will require Trustee approval, especially if staff costs are anticipated.

Where Board employees generate income through selling goods, running conferences and training events or providing services eg laboratory fees, this income **must be paid into the Board’s exchequer funds** as it is not charitable in nature and uses Board facilities and/or resources in its generation.

Income which the Trustees do not wish to hold will either be returned to the donor or credited to exchequer funds.

### **3.5 Research**

Charitable research funds which can be held by the Trustees are those where a donor makes a gift for an area of research. The donor has no rights over the ownership, publication, management or execution of the research. Research work to be carried out from a specific fund must be approved in advance by the Trustees.

The useful benefits of research should be published in such a way that the public will benefit from the advancement of medical research. There must be no preferential access to research findings for funders or any other third party.

Research is defined as commercial if the contributor (normally a pharmaceutical company) does any one of the following:

- Enters into any service agreement, understanding or contract
- Retains any rights over the ownership of the results of the research
- Holds the rights over the publication of the results of the research.

The Trustees will not accept into Endowments:

- Commercial research funds or any income from companies as payment for service which has been provided
- Research grants receivable from external bodies eg Medical Research Council, Welcome Trust.

These grants should be held and managed by the Board.

### **3.6 Other Gifts**

On occasions donors may wish to gift items rather than make cash donations. There are particular reasons why certain things may be acceptable eg artwork; books for the patient library, while others are not eg used soft toys which may be an infection risk. The acceptance of such gifts should be agreed with the Director of Finance.

## **4 Expenditure**

### **4.1 Delegated authority**

Expenditure from endowment funds is the legal responsibility of the Trustees who must ensure that it is in accordance with the charitable purpose of the Endowment Funds and the stated purposes of specific funds. Sufficient funds must be available (funds cannot go into deficit) and expenditure must be clearly in line with the Endowment Funds Charter.

Approval thresholds for expenditure are laid out in the following table.

Individual items	Restricted fund	Designated fund (annual budget)	General fund
up to £250	Fund holder	Director of Finance or Head of Finance	Director of Finance or Head of Finance
£251 to £1,000 (upper limit to be agreed)	Senior Fund holder	Chair of Endowment subcommittee and Director of Finance	Chief Executive or Director of Finance
£1,001 to £10,000	Endowment sub committee	Endowment sub committee	Trustees
£10,001 and above	Trustees	Trustees	Trustees

Prior to committing any expenditure fund holders should check with the Corporate Services Manager and / or the Treasurer to ensure that

- Expenditure is in keeping with the charter
- The necessary funds are available
- The item has been approved by the Medical Equipment Group (MEG) where applicable.

Within these limits, the Corporate Services Manager and the Treasurer have authority to sign orders up to £1,000. Orders over this amount must be signed by the Director of Finance, and in their absence the Head of Finance.

'Designated funds' are sums of unrestricted money earmarked by the Trustees for specific purposes. Restricted and designated funds should not be confused. When the Trustees earmark unrestricted funds, a designated fund but no legal restriction is created; the money is still legally unrestricted and can be 'undesigned' by the Trustees and used for other purposes at any time.

## 4.2 Expenditure Requests

Staff should complete the development form Appendix 2, seeking advice and support from the finance department and Corporate Services Manager's office.

The subcommittee will consider all expenditure requests, inviting applicants to present their idea to a meeting of the subcommittee. The Chair of the subcommittee and the Director of Finance jointly have the ability to approve a request up to the value of £1,000 should this be required in between meetings. The Trustees will consider any requests which are over £10,000.

All expenditure requests will be reported to the subcommittee.

The development form, Appendix 2 may be revised with approval of the subcommittee. The Director of Finance may revise the form for operational requirements. Any such revised form devised by the Director of Finance must be taken to the next subcommittee meeting for approval.

### **4.3 Procurement**

All expenditure must be incurred in accordance with NHS Orkney's SFIs. Orders will be placed in line with NHS Orkney's procurement policy, systems and processes.

### **4.4 Tax relief on goods ordered**

VAT exemption may be available on purchases of scientific, laboratory or medical equipment for use in medical research, training, diagnosis, treatment or patient care. VAT exemption may also be available on equipment and aids specially designed for disabled persons. In addition input VAT will be recoverable for contracted out services, and business activities.

### **4.5 Timeliness**

Unless explicitly stated within a funding request, and its approval, any unused balances against approved bids will no longer be available after 1 year from the date of approval. Should funding be required after 1 year then the bid will have to be re submitted.

The Secretary will issue reminders at 3 months and request interim progress reports at 6 months.

### **4.6 Programme grants (including salary allocations)**

Programme grants allow for broad support of larger scale or longer term activities or development of research or services. Programme grants must be for a fixed period which will be based on defined objectives and availability of funds.

All programme grants must be approved by the Trustees. The fund must have a balance that exceeds the total of the proposed grant amount plus any other existing commitments on the fund. Programme grants will not be approved on the basis of future projected income.

At the end of the grant period the fund holders must provide a report or evaluation of the programme including related publications.

Programme grants may be renewed subject to sufficient funds being available for the renewed fixed period and a positive review of quality of output/delivery of outcomes for the initial grant period.

### **4.7 Salaries and expenses (in exceptional circumstances only)**

The Trustees do not directly employ people using charitable funds but it is permissible to use a fund to reimburse salary costs to an employer such as NHS Orkney or a University. All salary recharge requests must be approved by the Trustees before the recruitment programme commences. Trustees must be provided with a clearly articulated exit strategy after the contract ends.

Salary costs and expenses can only be charged to a fund if the member of staff is undertaking work which:

- Falls within the stated purpose of the fund and is consistent with the charitable purpose of the endowment fund
- Enhances statutory provision.

The Trustees will fund fixed-term contracts up to a strict maximum of 24 months. Fixed term contracts will not be extended or repeated beyond this period.

The fund must have a balance that exceeds the fully costed total of the contract of employment, plus consumables, expenses, and any other commitments not connected to the post.

Periods of sickness, maternity or paternity leave may involve costs to be met from the fund during the approved period even though the duties are not being performed by the post holder.

At the end of the contract period, the fund holders must provide a report or evaluation of the work carried out by the funded post.

All salaries or payments to employees must be paid via the employing organisation's payroll so that the appropriate PAYE and NIC deductions can be made and accounted for. Charging a salary to a fund does not affect the obligation to make these statutory deductions.

For new appointments, the fund holder will make the necessary arrangements regarding recruitment and appointment with Human Resources and Payroll. The employing organisation will recharge the cost of the salary to the fund.

For secondments and contractual changes, the fund holder will ensure that the Notification of Change form is completed and actioned.

**4.8 Types of expenditure, allowable expenses and not permitted**

<b>Type of expenditure</b>	<b>Guidance on how to make a bid</b>	<b>Allowable expenses</b>	<b>Not permitted</b>
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Type of expenditure	Guidance on how to make a bid	Allowable expenses	Not permitted
<p><b>1. Service improvement</b></p>	<p>Applicants should discuss with the Head of Transformational Change and Improvement to determine suitability for endowments.</p> <p>Applicants must demonstrate how their project will support testing a change which can be evaluated for its impact on patients.</p> <p>This may involve investing in some technology to test out new ways of working. (See also technology section in this guidance.)</p> <p>A project plan and communications and engagement plan should be developed with support from the Quality Improvement (QI) Hub. An exit strategy will be required. An evaluation report must be provided.</p> <p><b>Contact Head of Transformational Change and Improvement for advice.</b></p>	<p>QI Hub support for the project and evaluation methodology will be a strong guiding influence.</p> <p>Projects which address inequities or community resilience would be welcomed (e.g. focus on mental health, isolated groups, at risk groups (e.g. falls)).</p> <p>Funding could include support for staff or stakeholder representatives visiting other areas to look at specific developments or innovation or to fund innovators to come to Orkney to kick start a change process.</p> <p>Projects must show direct impact on patients. Those which take a co-productive approach with members of the community will be welcomed. Such community engagement activities may be funded if there is a tangible benefit for the wider community as part of a specific project.</p>	<p>Formal service reviews should be through core funds.</p> <p>We will not fund staff costs to undertake service improvement activities.</p> <p>We will not fund activities that cannot be directly associated with a change project with planned outcomes (for example networking or gathering of knowledge).</p>

Type of expenditure	Guidance on how to make a bid	Allowable expenses	Not permitted
<p><b>2. Patient welfare and amenities</b></p>	<p><b>Contact Director of Nursing, Midwifery and Allied Health Professions for advice.</b></p>	<p>Anything which might make a patient's episode of care more comfortable or give more support to families and visitors can be considered. This includes items such as toys, TVs and books.</p> <p>Modest Christmas gifts for patients may be purchased.</p>	<p>This will not include ongoing commitments such as television, music or any other subscriptions or licences.</p> <p>Birthday gifts are not appropriate.</p>
<p><b>3. Education and training</b></p>	<p>All applications must be processed through the Travel Scholarship process managed by Learning and Development.</p> <div data-bbox="510 826 584 895" style="text-align: center;">  </div> <p>Learning, Education &amp; Development Applic</p> <p>Expenses will be reimbursed in accordance with the Board's policy on travel expenses, subsistence and accommodation.</p> <p><b>Contact Head of Organisational Development and Learning for advice.</b></p>	<p>Expenditure must support learning which in turn supports planned service change. Conference fees, course fees, costs of travel, subsistence, are allowed. The planned service change must be evaluated and reported to the subcommittee.</p> <p>Education of patients their families or carers may include local production of materials based on those developed elsewhere.</p> <p>Costs relating to fund holders and signatories (or to those closely related) must be authorised by a member of SMT prior to being considered.</p>	<p>Mandatory training (for example in order to maintain the safe running of a clinical service or to maintain professional qualifications) is not permitted.</p> <p>Backfill for staff time for training is not supported by endowments.</p> <p>Courses which educate the trainee with no wider benefit to the patients or services are not permitted.</p> <p>Payments in respect of friends, spouses, family members or accompanying Board employees will not be met.</p>

Type of expenditure	Guidance on how to make a bid	Allowable expenses	Not permitted
<p><b>4. Employee welfare</b></p>	<p>Where donors express a wish to donate for gifts for staff, it would be advisable to discuss with them an alternative use of funds, which could still support staff facilities, health or wellbeing.</p> <p>Services which improve staff health and wellbeing e.g. staff physiotherapy service or complementary therapy, rest areas (or even outdoor rest space), life coaching / stress management, is at the discretion of the Trustees. Such services should encourage improvement in attendance, engagement and / or performance.</p> <p>All bids for employee welfare should be supported by the Fit2Group and must be demonstrably more than would be funded from core resources.</p> <p><b>Contact Head of Organisational Development and Learning for advice.</b></p>	<p>Donations for staff must benefit a group of staff rather than individuals, and should be used for an improved work environment or additional services. Tangible outcomes must be identified.</p> <p>The following items can only be paid for from funds with this as a specific purpose. We currently have no such funds and would be discouraging donations for these purposes.</p> <ul style="list-style-type: none"> <li>• Subsidised membership of outside gyms</li> <li>• Long service awards, retirement awards and any associated hospitality</li> <li>• It would be very unusual, but gifts for employees, including retirement or leaving gifts.</li> </ul> <p>The Trustees have discretion to approve staff functions if appropriate.</p>	<p>Endowment funds must not be used to pay for staff entertainment e.g. Christmas parties, nights out, and social activities.</p> <p>Under no circumstances should endowment funds be used to pay for alcohol or nicotine.</p> <p>It is not appropriate to hold specific funds for employees sporting activities e.g. hill walking, golf.</p>

Type of expenditure	Guidance on how to make a bid	Allowable expenses	Not permitted
<p><b>5. Equipment</b></p>	<p>Following approval, all medical equipment requests must be processed by the Medical Equipment Group and fixtures, furnishings and fittings must be processed by the Fixtures, Furniture and Fittings Group to ensure that the items procured meet NHS requirements and standards.</p> <p>Proceeds from the future sale of items originally funded from endowments will be credited to exchequer funds.</p> <p>The procurement of any equipment will be in accordance with the Board's Standing Financial Instructions (Section F – Code of Corporate Governance).</p> <p><b>Contact Head of Finance for advice.</b></p>	<p>Purchase of an item with enhanced functionality or with benefits additional to those required for basic service provision.</p> <p>For example funds could not be used to buy a standard bed but might be permitted to purchase an advanced electronic bed with specific features that improve the patient experience.</p> <p>The equipment must be used solely for the purpose of the specific fund.</p>	<p>The purchase must not involve buying or replacing a routine piece of equipment which is essential for the maintenance of a standard, safe clinical service.</p> <p>Equipment which does not become the property of the Board is not allowable.</p> <p>Ongoing service, maintenance, repair and replacement costs will not be supported from endowments and must be met from core funds.</p>

Type of expenditure	Guidance on how to make a bid	Allowable expenses	Not permitted
<p><b>6. Technology</b></p>	<p>Following funding approval, all requests for IT/eHealth solutions should be processed through the IT helpdesk to ensure that products procured meet with NHS requirements and standards.</p> <p>The procurement of any technology will be in accordance with the Board's SFIs.</p> <p><b>Contact IT Manager for advice.</b></p>	<p>The purchase of an item with enhanced functionality or with benefits additional to those required for basic service provision.</p> <p>Funding may develop innovative solutions. This could be through a novel use of existing technology or through exploring new technologies not yet widely in use.</p>	<p>Must not involve buying or replacing a routine piece of hardware or software which is essential for the maintenance of a standard, safe clinical service.</p> <p>Ongoing service, maintenance, repair and replacement costs will not be supported from endowments and must be met from core funds.</p>
<p><b>7. Building works</b></p>	<p>All building works and refurbishments must be supported by and carried out through the Board's capital planning process, Estates Department, and in accordance with the Board's SFIs.</p> <p>Fund holders should acknowledge the use of endowment funding and/or major donors for building and refurbishment works by affixing a plaque in areas which have been improved.</p> <p><b>Contact Head of Hospital and Support Services for advice.</b></p>	<p>Agreement to these proposals can be challenging, to identify the added value. Making a contribution towards a larger scheme may be a good way to address this.</p> <p>It might include the enhancement of an internal area or outdoor space and garden to provide additional comfort and amenities for patients, relatives, carers or staff. Tangible benefits must be identifiable and an evaluation carried out to demonstrate that outcomes have been achieved.</p>	<p>Must not involve routine maintenance repair or replacement of fixtures and fittings.</p> <p>Ongoing service, maintenance, repair and replacement costs will not be supported from endowments and must be met from core funds.</p>

Type of expenditure	Guidance on how to make a bid	Allowable expenses	Not permitted
<b>8. Subscriptions</b>	<p>It is very unlikely that we will support such bids; guidance should be sought from the finance department in the first instance.</p> <p><b>Contact Principal Accountant (Fund Treasurer) for advice.</b></p>		<p>Under no circumstances should endowment funds be used to support subscriptions which could be a taxable benefit.</p>
<b>9. Hospitality</b>	<p>Hospitality is defined as the friendly reception and entertainment of guests, visitors, volunteers or carers. It covers expenditure relating to a person who is not a Board employee and whose work might fall within the purpose of the fund.</p> <p>It is extremely unlikely that we will support such bids; guidance should be sought from the finance department in the first instance.</p> <p><b>Contact Principal Accountant (Fund Treasurer) for advice.</b></p>		<p>Under no circumstances should endowment funds be used to pay for alcohol or nicotine.</p>

**NOTIFICATION OF DONATION TO  
ORKNEY HEALTH BOARD ENDOWMENT FUNDS**

**Donation received from:** Name .....

Address.....

.....

.....

Cheques should be made payable to Orkney Health Board Endowment Funds

**Donor should also complete Section 2**

**Donation received by:**.....

**Ward / Department:**.....

**Date Received**..... **Amount** £.....

- Cash
- Cheque

Action taken

- The donation has been acknowledged verbally
- The donation has been acknowledged in writing
- Other please state

.....

Action required

- No further action is needed
- A further "thank you" is considered appropriate as detailed below

.....

- *Delete as appropriate*

**Signed**.....

**Designation**.....

**This form together with the donation should be handed to the reception desk  
Garden House.**

<b>Finance Department to complete</b>	No Further Action Required		Copied to For further action	

## Section 2

This sum has been donated for:

	Please tick
<b>Orkney Health Board Endowment Funds – General Fund</b>  Every year the Trustees agree a budget of £50,000 which can be spent on agreed items or services for the advancement of health for residents of Orkney. Further information on how the fund is used is available on the NHS Orkney web site.	
A specific purpose, please specify below	

**If this donation is not spent as specified before the opening of the new hospital and healthcare facility it may be designated for a comparable use. This will agreed by the Trustees.**

**\*\*\*IMPORTANT \*\*\***

**\*All donations must comply with and will be managed and used under the charter for Orkney Health Board Endowment Funds (available on request).**

**All donations will be reviewed before being accepted. The acceptance of money or property as a charitable donation is entirely at the Trustees discretion. Donations not in line with the charter will not be accepted.**

### **Gift Aid**

The Government Gift Aid scheme allows charities to claim the basic rate tax on every pound donated.

*Giving under Gift Aid means that so much more money can be raised with relatively little effort.*

To make sure that we can claim Gift Aid, it is vitally important that all the information asked for below is provided.

<b>Name</b>	
<b>Address</b>	
<b>Postcode</b>	
Please tick the box if you are a UK tax payer and would like Orkney Health Board Endowments to claim the tax on your gift	

## Application for Orkney Health Board Endowment Funds

- Please complete this form electronically using 11 Arial font.
- Please be as concise as possible
- Quotations for goods should be obtained from [Procurement](#) and attached before submitting bid
- The Medical Equipment Group (MEG) should be consulted where applicable
- The [Endowments Fund Treasurer](#), [Corporate Services Manager](#) or [Director of Finance](#) would be pleased to give you advice on completion of the form before you submit an application. Click on the links above to email them a message.
- There will be a requirement to submit feedback on how the bid has achieved its intended outcomes and the benefits that the funding has made – a form will be provided from Corporate Services to all successful bidders.

<b>1. Title (under ten words)</b>	
<b>2. Describe what the funds will be used for</b>	
<b>3. Total funding requested</b>	
<b>4. Proposed start date and duration of funding requirement (if more than one year)</b>	
<b>5. Select the main expenditure category - see Endowments Charter for guidance, and for allowable and not permitted expenses (choose one)</b>	
Service improvement (seek QI hub support)	
Patient welfare and amenities	
Education and training (submit travel scholarship)	
Employee welfare (seek Fit2 Group support)	
Equipment (once funding is approved, submit request to MEG or furniture fixtures and fittings group)	
Technology (once funding is approved, make contact with IT helpdesk)	
Building works (liaise with estates)	
<b>6. How does the request address the charitable purposes of the fund? (all that apply)</b>	
Improvement in physical and mental health of NHSO residents	
Effective prevention, diagnosis and treatment of illness	
Provision of services and facilities in connection to	

above						
Research into matters relating to causation, prevention, diagnosis or treatment of illness, or other matters relating to health service						
Provision of education and development						
<b>7. What are the intended outcomes? (add lines if necessary)</b>						
<b>Outcome</b>	<b>How will it be achieved?</b>					
<b>8. What other funding opportunities have you explored?</b>						
<b>9. Please identify any ongoing costs and how they will be met</b>						
<b>10. How will this project address equality, diversity and health inequities?</b>						
<b>11. Planned expenditure (add additional lines as necessary)</b>						
		Year 1	Year 2	Year 3	TOTAL	
Item or service	£ before VAT	VAT	£	£	£	£
<b>TOTAL EXPENDITURE</b>						
<b>12. Applicants</b>	<b>Main applicant</b>		<b>Co-applicant (if required)</b>			
Full Name						
Job Title						
Department						
Organisation						
Address						
Telephone						
Email						
<b>13. Signatures</b>						
<b>a. Main Applicant</b>						
Name and Date						

<b>b. Sponsor / Line Manager</b>	
Name and Date	
Confirmation that quotation has been obtained from Procurement	
<b>Sponsor's statement in support of application</b>	