



HFMA COVID-19 briefing  
May 2020



# NHS charities webinar

Questions and answers



## Introduction

On 7 May 2020, the HFMA hosted a webinar presented by Nigel Davies from the Charity Commission for England and Wales and Keith Brooks from NHS Charities Together and Northampton NHS Charity. The webinar is available to listen to [here](#).

The webinar concluded with a question and answer session. Most of the questions raised at the end of the webinar were answered – this briefing includes those answers but also answers those questions that were not answered at the time.

Any other questions should be directed to [policy@hfma.org.uk](mailto:policy@hfma.org.uk) and we will do our best to answer them.

## The impact of Covid-19 on NHS charities

On 23 March 2020, NHS Charities Together launched a national Covid-19 urgent appeal to provide a focal point for the national desire to express support for NHS staff and to say thank you. Helped by fundraisers such as Captain Sir Tom Moore, the appeal has raised over £100m.

Aside from these national activities, locally NHS bodies and NHS charities have gratefully received donations in both cash and kind in volumes not previously experienced.

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## Key messages

The webinar considered the impact of this generosity on NHS charities. The key points made in the webinar were:

- NHS charities must still meet the requirements of charity law and follow their regulator's<sup>1</sup> guidance
- good governance is vital to ensure that the public remain confident that their donated funds are properly used
- as all NHS charities have a 31 March year-end, the Covid-19 pandemic is unlikely to be an adjusting post balance sheet event, but its impact should be reflected in the 2019/20 annual report and accounts
- consideration should be given to the impact of the pandemic on other income sources – such as legacy income and notifications from solicitors as well as 'usual' fundraising activities
- everything should be documented now – Covid-19 will have an impact on the 2020/21 annual report and accounts and accurate recording now will save time later
- achievements should be celebrated along with the positive contribution of the appeal and the public's generosity
- some NHS charities may need to change their objectives to allow them to spend the money that has been donated
- all NHS charities must be a member of NHS Charities Together to receive the grants. Membership for their first two years (£3,000) has been deducted from the first grant made to new members
- the grants to charities from the national appeal will be distributed in three stages:
  1. an initial payment to allow NHS charities to meet the immediate needs as a result of the pandemic – these will include, for example, expenditure on chill out rooms and iPads
  2. strategic integrated community and social care pathway grants – these will be used to enable local partners to move back to a stable community health situation and are intended to support the return to normality. For example, supporting community-based groups that cannot meet because other charities can no longer fund them or meet the distancing rules. These may require a change in the charity's objectives
  3. Covid-19 recovery and post pandemic grants – these will be to help recovery for staff to cope with their experiences during the pandemic and may include thank you events. There will be very specific guidance on how these grants should be spent when they are distributed.
- stage 1 grants will be distributed in three phases – the first two have already been paid:
  1. a fixed sum of £35,000 for each charity (less the membership fee for new members) – this should be shown gross in the accounts as grant income of £35,000 and, for new members, cost of membership of £2,000
  2. a sum based on the reported December 2019 staff headcount rounded up to the next 500
  3. the third phase grants will be based on need and will be distributed once the rest of the first stage grants have been spent. There is likely to be guidance towards the end of May on how to apply for these grants.
- the first two phases of the stage 1 grants should be being spent now on staff to help them with the work on the pandemic. They should be spent on all staff, not just those working with Covid-19 patients as all NHS staff will be facing new and different challenges
- those charities that have already received the grants have been asked to acknowledge the receipt of the first two phases of the stage 1 grant – it is a **simple form** and is needed for NHS Charities Together to meet their governance requirements. The information about what the grant has been spent on will be used in publicity to demonstrate to donors that their money is being used appropriately

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<sup>1</sup> The [Charity Commission for England and Wales](#), the [Office of Scottish Charity Regulator \(OSCR\)](#) or the [Charity Commission for Northern Ireland](#)

- the grant income from NHS Charities Together should be accounted for as a restricted fund – restricted to staff as a result of the Covid-19 appeal
- the grant should be accounted for as a separate fund to any local appeals as they may have fewer restrictions and may be able to be accounted for as a designated fund
- where NHS charity staff, for example the fundraising team, have been diverted to managing Covid-19 appeal donations then their costs can be charged to the grant restricted fund as they are supporting NHS staff.

## Questions and answers

<b>NHS Charities Together</b>	
How is NHS Charities Together communicating with NHS charities and NHS trusts?	NHS Charities Together have a main contact with all member NHS charities – all communication will go via that lead contact point.
Who will the receipt forms be sent to; do you have specific finance contacts for Charity members?	The receipt form is also available on their website <a href="#">here</a> .
Are all NHS charities automatically members? Or do they need to make an application?	NHS charities need to apply to become members of NHS Charities Together. Membership cost varies depending on the size of the charity. For new members, the £3,000 fee for the first two years' membership will be taken out of their first grant payment.  Membership benefits are listed <a href="#">here</a> .
<b>The national appeal</b>	
How long is the national appeal expected to go on for?	The appeal will continue while the pandemic continues. However, the target will not be changed and has now been met.  The <a href="#">NHS big Tea</a> will continue as an annual fundraising event on the NHS' birthday although the July 2020 event is postponed.
<b>Accessing the appeal money</b>	
How do NHS bodies that do not have NHS charities access this money? For example, has any of the money been given to ambulance trusts?	All NHS bodies have a link to an NHS charity even if that body is not a corporate trustee. Some trusts have funds that are managed by another NHS charity that has another local NHS trust as its corporate trustee.  All ambulance trusts have an associated NHS charity.  Members of NHS Charities Together are listed <a href="#">here</a> on their website.

Can trusts, who do not have a charity, bid for a grant from the association?	All grants need to be made to NHS charities – they cannot be made to NHS bodies direct.  As said above, all NHS bodies should be linked to an NHS charity but if they do not have a link then they can establish their own NHS charity or consider asking another local NHS charity whether their objectives would allow them to manage funds that the trust could access.
My NHS charity is not currently a member of NHS Charities Together. If we join now, can we still benefit from the first stage of the grant?	Technically the deadline for the first stage of the grant has passed (it closed on 30 April 2020). However, new applications will be considered on a case by case basis.
We are looked after by another NHS charity, would they only have received one of the stage 1, first phase grant of £35,000?	Yes, the grant was made per NHS charity in the first instance.
Did you consider charities who look after more than one trust for the 2nd grant?	Yes, the staff numbers used are combined. Any charity that looks after more than one NHS body should have had the money for all of those NHS bodies.  However, NHS Charities Together do have a number of 'orphaned' NHS bodies that they have not linked to an NHS charity so if the NHS charity thinks that it has not got enough money they should get in touch with NHS Charities Together.
When are we likely to be in stage 2?	The process of distributing the appeal money will take place over the next year. Currently, the exact time frame is not known but it is hoped that it will be over the next 2 to 3 months.  Stage 3 will be later than stage 2 as expert advice is needed to ensure that the grants can be used as well as possible.
Is there an indication of the size of the stage 2 community grants, as this will help us in thinking about how far we can spread it?	
I am already being asked about how much is available and when do grant applications for Stage 2 and 3 need to be made available - a rough timescale would be helpful.	
Can non-NHS charities bid for this money?	No, but they may be able to be involved with the stage 2 projects via their local NHS charity.
<b>Spending the appeal money</b>	
Can you give further examples of appropriate expenditure with the first grant receipts?	There are a number of examples <a href="#">here</a> on the NHS Charities Together website. Please submit information on how the grants are being spent <a href="#">here</a> .
Can the grant be used to pay for: <ul style="list-style-type: none"> <li>• staff to go for a meal in a restaurant?</li> </ul>	Probably, stage 2 grants will be able to be used for these purposes as long as the trustee is satisfied that it is within the charity's objectives.

<ul style="list-style-type: none"> <li>• a party for staff?</li> </ul> <p>Does it have to be for all staff, or can we restrict it to those who worked in the ICU/ Covid-19 wards?</p>	<p>As most NHS charities have the objectives for the benefit of the NHS body and the purpose of improving healthcare – the trustees will have to be satisfied that the benefit in terms of the boost to staff morale will meet these objectives.</p> <p>Charitable expenditure needs to be for the public benefit<sup>2</sup> so there should only be incidental personal benefit. Therefore, the more staff that benefit the better.</p> <p>If possible, it is more straightforward for third parties to host and fund staff parties/ thank you meals, as this moves the benefit outside of the NHS charity’s remit. This may be a good fundraising opportunity for NHS charities once lockdown is lifted.</p>
<p>Staff parties have been classed by HMRC as taxable. Has there been a relaxation of the rules?</p>	<p>There is no change to the taxation rules<sup>3</sup>. They are available <a href="#">here</a>.</p>
<p>Can we spend the grant money on counselling for staff after the pandemic or should that be funded by the NHS body itself?</p>	<p>Yes, the grant money can be spent in this way as meets the charitable purpose of the fund and the NHS charity.</p>
<p>Is supporting local Covid-19 research projects an acceptable use of the funds provided?</p>	<p>The grants are specifically for supporting staff so should not be used to fund research projects.</p>
<p>Our charity committee wants to lend tablets to self-isolating people in the community (to talk to clinicians and also friends/relatives). Has any charity drawn up a protocol for this (e.g. blocking websites, such as gambling, that we wouldn't want vulnerable people to access) and protecting the charity such as an agreement for the recipient to sign (you may be aware that North Wales Police got caught out when they lent a mobile to someone on bail who ran up a £45,000 bill.)</p> <p>if there is not a procedure note for tablets lent in the community, is there a procedure for ones lent to inpatients addressing similar concerns (e.g. gambling?)</p>	<p>We are not aware of such a protocol, but we have asked the question on the HFMA/FFF finance forum and will keep this under review.</p> <p>The following guidance issued for educational bodies might be useful when formulating such a policy:</p> <ul style="list-style-type: none"> <li>• technology support for children and schools<sup>4</sup> that discusses the provision of technology for disadvantaged children and young people during the pandemic. These devices will be owned by the local authorities and academy trusts and loaned to individuals so it may be worth approaching local authorities or schools for their policies. A couple of examples are <a href="#">here</a> or <a href="#">here</a>, but as they cover the use of tablets in school they are not completely appropriate but they might be helpful in identifying issues to consider</li> </ul>

<sup>2</sup> HFMA, *Spending NHS charitable funds*, May 2020

<sup>3</sup> HMRC, *Expenses and benefits: social functions and parties*, accessed 20 May 2020

<sup>4</sup> Department for Education, *Get technology support for children and schools during coronavirus (COVID-19)*, May 2020

	<ul style="list-style-type: none"> <li>safeguarding and remote education<sup>5</sup> during coronavirus (COVID-19) contains useful links to other sites that provide guidance on setting up devices that will be used by children and young people. These principles can be used when setting up devices for use by vulnerable adults</li> </ul>
Can grants be used to fund staff financial hardship?	<p>It will depend on the NHS charity's financial objects and grant making policies. In most instances it is difficult to demonstrate public benefit.</p> <p>Hardship cases will therefore need to be considered on a case by case basis by trustees. NHS staff are being paid during the pandemic so would not be expected to be facing financial hardship but exceptional circumstances do occur – for example, a nurse's car breaks down and they cannot afford the repairs but without the car they cannot get to work – paying for the repairs or alternative transport may be appropriate. Or a carer falls ill with Covid-19 but is the only family member that can access the bank account – provision of a card to allow another family member to buy food may be appropriate.</p>
There has been a conversation in North West London about the use of stage 1 grants to provide funds to the bereaved relatives of a member of NHS staff who has died from Covid-19. Is this appropriate?	<p>Like the hardship payments, these payments will have to be made on a case by case basis to ensure that the funds are spent in accordance with the donor's wishes. The national appeal is intended to support NHS staff affected by the pandemic – the families of NHS staff are not directly covered. However, where NHS staff have died as a result of catching Covid-19 then the morale of surviving staff members will be improved if their late colleagues' families are treated well. So, specific support to families in hardship will probably meet the objectives of the fund, but these decisions will have to be made by trustees on a case by case basis.</p>
After the pandemic clears and the activity around COVID-19 has stopped. If there are any funds left over from the grants received, will this be required to be paid back to NHS Charities Together or to continue to be spent on staff welfare?	<p>The funds will not be repayable but stage 2 and 3 grants will only be made following a successful application for funding for specific projects. There will be a requirement to demonstrate that the funds have been spent in accordance with the application.</p>
Did you say that the costs of the team working to support Covid-19 distribution of gifts etc can	<p>Yes, where staff are working to manage and distribute donations, this is for the staff benefit and therefore meets the purpose of the fund.</p>

<sup>5</sup> Department for Education, *Safeguarding and remote education during coronavirus (COVID-19)*, April 2020



be charged to the NHS Charities Together restricted fund?	
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## Cash donations

Unfortunately, I missed the advice around receiving cash donations. Could you please summarise this again?	Cash donations should be treated in the usual way by the NHS charity <sup>6</sup> .
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## Gifts in kind

If NHS bodies are accepting gifts/ donations themselves (rather than through the NHS charity) will they have to be accounted for in the NHS bodies' accounts?	<p>NHS bodies do have the power to accept gifts on trust but as they are on trust it is more appropriate for them to be accounted for through the NHS charity as long as they meet the definition of a charitable donation.</p> <p>Having said that, given the scale and the impact of donations, it would seem reasonable to recognise that fact in the NHS body's annual report.</p> <p>Other than a very few cases, all NHS bodies should have an associated NHS charity so donations should be passed through them.</p> <p>Where the NHS body does not have an associated charity then they will need to be reflected in the NHS body's accounts.</p> <p>There is no specific accounting requirement to disclose gifts in kind and donations other than in the Charities SORP FRS 102. However, the <i>Conceptual framework for financial reporting</i> does make it clear that an asset is created by a donation so it would be appropriate for an NHS body to account for a donation as income if it does not meet the definition of a charitable donation and therefore cannot be accounted for through the NHS charity.</p>
Will disclosures be required in the 2019/20 NHS accounts regarding donations in kind?	
How should donations in kind be accounted for if the NHS body does not have a charity i.e. donations being given direct to the Trust?	
Do gifts in kind given to the Trust, need to be reported by the charity, if the charity was not involved in the process of receipt and distribution?	
In terms of recording donations in kind in the accounts, is the decision on materiality the total value of all the gifts (e.g. Easter eggs and microwaves) or do you only count the material items (i.e. microwaves but not chocolates)	
What about the meals donated/ provided to our staff by local restaurants?	<p>This is something that NHS charities will have to determine based on their own circumstances - the number and value of donations of gifts in kind, the size of the charity and the types of donations being made. The assessment is part of the materiality considerations that the charity will usually make. The decision should then be discussed with their auditors/ independent examiners.</p> <p>The concept of materiality applies to gifts in kind as well as cash donations. Paragraphs 3.15 to 3.19 of the SORP (FRS 102) sets out the considerations that need to be made when</p>
When keeping a register of significant donations, what do you class as being significant?	

<sup>6</sup> HFMA, *NHS charities (England and Wales) – good practice in handling cash donations*, July 2017

	<p>determining materiality and materiality is defined in the glossary.</p> <p>The assessment needs to consider the total value of the gifts in kind as well as the type of gifts that have been made. NHS charities may decide to adopt a policy that items that have an individual value of less than a pre-determined amount, for example £20, will not be accounted for. If such a policy is adopted, then it must be clearly stated in the accounting policies note and the gifts must be acknowledged in the accounts. This policy may not be appropriate where omitting the total value of gifts would materially understate the charity's income for the year.</p> <p>Clearly, donations in kind are accounted for as income and an equal and opposite payment when the gifts are distributed.</p> <p>It is important that receipt of all gifts is documented to ensure that appropriate acknowledgement can be made.</p>
The charity team staff cost of managing gifts in kind and other donations - should this be charged to the restricted element of the COVID-19 or our local unrestricted element?	It can be charged to the restricted fund relating to the grant from NHS Charities Together.
Any thoughts on whether donations in kind could create a tax implication for members of staff receiving them?	HMRC has issued guidance <sup>7</sup> on expenses and benefits provided to employees during the pandemic.

## Annual report and accounts

Given that Covid-19 was not declared a pandemic until 22 March and NHS charities have a 31 March year end, do you expect there to be much of an impact on the 2019/20 accounts?	<p>It is unlikely to be an adjusting post balance sheet event, but the impact of the pandemic should be discussed in the annual report as it will impact on future plans.</p> <p>Also, recognition of the public support should be made in the 2019/20 annual report and accounts. This is something to celebrate and is an opportunity to engage with the public going forward.</p>
Do you expect that NHS charities will have to be consolidated into their corporate trustee's accounts in 2020/21?	NHS charities that have a corporate trustee meet the requirements for consolidation into the NHS body corporate trustee's accounts. Usually, they are not consolidated as they are immaterial to the NHS body. The materiality assessment has to be undertaken annually so it will be affected by the increase in the size of the

<sup>7</sup> HMRC, *How to treat certain expenses and benefits provided to employees during coronavirus (Covid-19)*, May 2020



	NHS charity. The HFMA has a briefing <sup>8</sup> on consolidation of NHS charities that will be updated in the next year.
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## New charities

I'm aware of an NHS organisation receiving its first ever donation (not through the national appeal but received directly). It's not material to the Board, does this require that a charity is established, or could it be recognised as a gift by the NHS organisation?	<p>If the donation has a charitable purpose and if for the public benefit, then a charity will need to be established<sup>9 10 11</sup>. It will have to be registered with the appropriate regulator:</p> <ul style="list-style-type: none"> <li>• if the income is greater than £5,000 in England and Wales<sup>12</sup></li> <li>• if it is greater than £1 in Scotland<sup>13</sup></li> <li>• irrespective of size in Northern Ireland<sup>14</sup>.</li> </ul> <p>Alternatively, if another charity has appropriate objectives, they may be able to accept the donation and ensure that is used for the purpose set out by the donor.</p>
Is the Charity Commission going to support creating new restricted funds (effectively new charities) as it is unlikely that income of over £5K per year will continue beyond a couple of years?	<p>Any charity can establish its own restricted fund, it simply needs to open a new fund. A new linked or associated charity is not needed to do that.</p> <p>The fund will need to be separately accounted for in accordance with the SORP.</p>

## Other resources

### Regulators

SORP making bodies, [COVID-19 control measures and financial reporting by charities](#), April 2020

Charity Commission for England and Wales, [Coronavirus \(COVID-19\) guidance for the charity sector](#), published 7 April 2020

Charity Commission for England and Wales, [Coronavirus \(COVID-19\): increased risk of fraud and cybercrime against charities](#), published 17 April 2020 but subsequently updated

OCSR, [COVID-19 guidance for charities](#), published 30 March 2020 but subsequently updated

OSCR, [Reading annual reports and accounts of charities affected by COVID-19](#), 15 May 2020

Charity Commission for Northern Ireland, [COVID-19 guidance for charities](#), published 6 April 2020

### NHS Charities Together

NHS Charities Together, [Urgent appeal Q and As](#), April 2020

<sup>8</sup> HFMA, [Guidance on the consolidation of NHS charities](#), January 2014

<sup>9</sup> Charity Commission for England and Wales, [Set up a charity](#), accessed 20 May 2020

<sup>10</sup> Charity Commission for Northern Ireland, [Start up a charity](#), accessed 20 May 2020

<sup>11</sup> OSCR, [Becoming a charity](#), updated 21 February 2018

<sup>12</sup> Charity Commission for England and Wales, [Register your charity](#), accessed 20 May 2020

<sup>13</sup> OSCR, [Registration](#), updated 24 April 2018

<sup>14</sup> Charity Commission for Northern Ireland, [Registering a new charity](#), accessed 20 May 2020

NHS Charities Together, *Fundraising pack: Covid-19 urgent appeal*, May 2020

## **HFMA**

HFMA, *Practical guide – NHS charitable funds*, May 2020 (this is a paid for hard copy guide)

HFMA, *Spending NHS charitable funds*, May 2020

HFMA, *Checklist for accepting gifts and donations*, April 2020

HFMA, *Example charity annual report and accounts 2019/20*, March 2020 but updated in May 2020

HFMA, *NHS charities (England and Wales) – good practice in handling cash donations*,

HFMA Bitesize short introductory course on *NHS charities* or *HSC trust funds*

## About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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