

Special Purpose Fund (SPF) Guidance FAQs

Questions	Answers
Why are we being asked to spend 25% of our opening balance each year?	Charity Commission guidance requires that at least 25% of donated funds must be spent each year, based on the opening balance of the fund. This ensures that donated funds are being used for their intended purpose, and that charitable donations are being actively spent and not held onto.
What happens if there isn't a departmental or research need each year, and we're not able to meet that 25% target?	Please contact spf@royalfreecharity.org . We will discuss with you a future spend plan. As long as there is a spend plan in place, or a commitment to a longer-term project or purchase, we will note this on the SPF record. Funds that have had no expenditure in a 12-month period are automatically flagged as dormant on our systems. A spend plan ensures that we are aware the fund is active.
Why has the admin fee increased?	<p>The admin fee has increased for a number of reasons:</p> <p>The old SPF guidance had not been updated since 2011 and the admin fee was not covering the actual cost of the RFC managing the funds.</p> <p>The fee has been benchmarked against other NHS charities who administer similar funds.</p>
Why has the interest payment been removed?	The charity invests its funds, including those held in SPFs, in a range of assets including property, equities, bonds and cash. The charity historically has shared investment gains with SPFs through annual payments but has absorbed investment losses from its free reserves. In recent years, those losses have been substantial and have damaged the charity's financial sustainability. The Board of Trustees is committed to preserving SPF balances but will now bear all of the risk and reward (i.e. the losses and gains from investments).
The trust procurement process can be slow and cumbersome, why can't we send invoices directly to the charity to pay?	Our processes are aligned to the trust and we cannot circumvent their policies or processes for procurement. This protects both you as the fund signatory and the RFC. If you need help with procurement, please contact the procurement help desk so they can advise you: helpdesk@nhspps.uk .

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Can I change the purpose of my fund?	<p>The charity keeps records of every donation received including those put in SPFs. This would have to be on a case-by-case basis, and we would look at the original purpose of the funds and the donations received before being able to approve any change of use. Restricted funds (those with a legal restriction for example, a legacy) cannot be changed without agreement from the executor, or Charity Commission approval. Funds where there is a contract in place to deliver a project cannot be changed without agreement from the donor.</p> <p>Please contact spf@royalfreecharity.org for a discussion.</p>
What constitutes 'commercial income'?	<p>Commercial income is earned by selling goods or services and is not permitted as income into an SPF. If you're unsure, please contact spf@royalfreecharity.org.</p>
I have grateful patients on my ward who often want to give donations, can I open a new SPF?	<p>The charity manages 250 funds and new funds are only opened in exceptional circumstances where there is a large initial donation and a regular, committed income stream.</p> <p>We have other ways to manage smaller donations if an SPF does not exist; please direct public donations to our website, or email the fundraising team at fundraising@royalfreecharity.org.</p>
Are the purchase of gift vouchers permitted from SPFs?	<p>In recent years HMRC have become much stricter on the purchase of gift vouchers, as they are viewed the same as cash and can be considered a taxable benefit. We have received updated guidance (February 2023) that gift vouchers are acceptable expenditure from an SPF as long as they meet the following criteria:</p> <p>The maximum amount is £50 for any individual, but please see no. 9 and 10 in the SPF guidance on limits for patient and staff gifts and recognition. Only multi-purpose vouchers are acceptable. For example vouchers that can be used at more than one retailer. For example, Amazon, Love2Shop gift card, One4all.</p> <p>Not permitted: Vouchers that can only be used at one retailer. For example, WHSmith, M&S' John Lewis. Please email: spf@royalfreecharity.org before purchasing any vouchers to confirm your purchase is acceptable. Vouchers that are bought that fall outside of the above guidelines will not be reimbursed.</p>