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Cylchlythyr

Circular

## Matched Funding Scheme for Voluntary Giving

**Date:** 27 July 2009  
**Reference:** W09/24HE  
**To:** Heads of higher education institutions in Wales  
**Copied to:** Open University in Wales and the University of Wales  
and directly funded FEIs  
**Response by:** **30 September 2009 (Annex B);**  
**31 December 2009 (Annex C)**  
**Contact:** Name: Dr Ewen Brierley  
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This circular sets out the details of a scheme to match fund voluntary gifts to higher education institutions in Wales with HEFCW funding.

The Scheme will encourage Welsh universities to increase and expand their fundraising capacity and incentivise the voluntary giving from alumni and other individuals by guaranteeing additional government match funding

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## Introduction

1. This circular sets out the details of a scheme to match fund voluntary gifts to higher education institutions in Wales with HEFCW funding.

## Background

2. The Minister for Children, Education, Lifelong Learning and Skills announced her intention in December 2008 that a scheme should be put in place to support Welsh universities to extend their fundraising efforts and stimulate further investment in higher education from private investors. The scheme would encourage Welsh universities to increase and expand their fundraising capacity and incentivise the voluntary giving from alumni and other individuals by guaranteeing additional government match funding.
3. This announcement followed the launch of a similar scheme in England earlier in 2008. The scheme operated by the Funding Council in England was based on a pilot scheme which operated for the three years 2005-08 with a sample of institutions, extensive consultation with the sector in England (HEFCE circular letter 11/2008 refers) and impact assessment. Taking this into account, the scheme set out in this paper is based substantially on the similar scheme operated by HEFCE, with particular amendments to reflect the smaller size and circumstances of the higher education sector in Wales, set out below.
4. HEFCW has set aside funding from its Strategic Development Fund for a period of three years from 2009/10, at the following amounts £1.5m; £3.5m; and £5m to support the Scheme. Some of this funding will be devoted to capacity building and development activity (see below).

## Structure

5. The matched funding scheme in Wales will have two tiers, each with a different funding ratio and cap:

Tier 1	<b>1:1 private to public:</b> Intended for the least-experienced fundraising institutions and those looking to build capacity from a low base. Every £1 raised will be matched in full up to the level of any cap
Tier 2	<b>2:1 private to public:</b> Intended for those institutions with existing development programmes. Every £2 raised will be matched by £1 up to the level of any cap. The cap for this tier will be significantly higher than in tier 1.

6. HEIs will be able to request their own tier. Caps for each tier will not be set until it is known how many institutions have opted for each tier. At this stage, indicative caps are Tier 1: £100k and Tier 2: £4.46m. However, the more institutions which opt for Tier 2, the lower the cap. The allocation of tiers/caps will be revised at the end of the second year of operating the

scheme. Institutions will be able to move to Tier 2 at that stage (there will be no movement from Tier 2 to Tier 1).

7. The Scheme will commence from 1 August 2009. HEFCW aims to confirm each institution's tier and cap level by 31 October 2009.

### **Building capacity**

8. In addition to the matched-funding to be provided, we are making additional support available in Wales to strengthen the capacity of institutions to raise external funding. To that extent, two further actions will be taken in a Welsh context, to be supported from within the funding available for the Scheme:
  - An additional flat sum of £20,000 will be provided to each institution in Tier 1 to build capacity in fund raising. This funding recognises that there has been no previous piloting of fund raising support in Wales and thus some institutions start from a low base. This funding will only be payable in the first year of the Scheme, after which we expect that internal structures will be institutionally funded;
  - The funding will also facilitate Welsh institutions' engagement with development activities commissioned by HEFCE in England. There will also be a development seminar in Wales at which we hope to launch the Scheme. Details will be circulated later in the year.

### **Next steps**

9. In the absence of other sources of data, HEFCW will need to collect early baseline data on voluntary giving from institutions based on 2007/08. However, we intend to base the first allocation of matched funding on data for 2008/09 as soon as this is available. To facilitate this approach, there will need to be two collections of data in a short period. Guidance on the return of data is attached at **Annex A**. Data returns will be audited on a sample basis by the HEFCW Assurance Service. All documents that form part of the audit trail to support data returns must be retained by institutions and made available for audit when requested.
10. **Annex B** comprises a return form for submission by those institutions wishing to take part in the Scheme. The form seeks confirmation of participation in the Scheme and selection of tier, as well as detailed information about amounts of funding raised in **2007/08**. This data will provide baseline information against which progress will be measured in the Scheme.
11. Institutions should assess what they can achieve during the Scheme, and consider any capacity-building training and workforce needs prior to selecting their preferred tier.
12. In completing return forms institutions should take particular note of the eligibility rules given in paragraph 16 below. Further detailed information

about eligibility rules, which are the same as in England, can be found via the HEFCW website, [www.hefcw.ac.uk](http://www.hefcw.ac.uk) section on sector management and support, voluntary giving.

13. Institutions are encouraged to consult the FAQs before seeking advice from the relevant HEFCW officer on eligibility. Institutions should note the differences in the HEFCW scheme (relating specifically to tiers and funding support arrangements) in utilising the FAQ website. However, the rules for assessing the eligibility of gifts under the Scheme will be the same as those in England.
14. Completed return forms at **Annex B** for **2007/08** should be submitted to HEFCW no later than **30 September 2009**. Institutions may be asked to provide further information at this stage, if insufficient detail is provided.
15. **Annex C** provides the same format for the submission of data on **2008/09**. This information should be submitted by **31 December 2009** and will be the year against which matched funding allocations will be paid in 2009/10. Subject to the need to take account of developments in England and respond to sector queries, a similar return form will be used to record data in 2009/10 to inform allocations in 2010/11.

## Eligibility

16. The following forms of giving are eligible for match funding:
  - Actual gifts of cash
  - Gifts of shares, with their cash value fixed on the value of the share at the date of donation
  - Gifts from small/medium-sized charitable trusts and foundations that donate less than £60m per annum;
  - Gifts through HEIs' own non-consolidated development trusts
  - Corporate gifts, where it fits within the above categories
  - Overseas gifts, where it fits within the above categories
  - Gift Aid.
17. Legacies and gifts in kind **will not be** eligible for matching.
18. Subject to further guidance, gifts from Research Trusts and foundations will be eligible if these are gifts, not contracts, and if they are not restricted for very specific purposes.
19. HEFCW is represented on a sector-led advisory group informing the development of arrangements in England. The group comprises HEIs, the Council for Advancement and Support of Education (CASE), Ross Group, Universities UK and GuildHE. This group will be developing further guidance and clarification on the scheme in England and we will expect to introduce changes as appropriate in Wales, including further detailed guidance on the status of gifts from research trusts and foundations.

## Matched funding

20. Matched funding will be paid annually one year in arrears. This means that eligible gifts received in the year 1 August 2008 – 31 July 2009 will be matched in the year commencing 1 August 2009. The level of funding actually paid will depend on which tier an institution is in and will be up to the level of the cap for that tier. All eligible gifts will qualify for matched funding up to the level of the cap. There is no minimum threshold. Given the need to receive appropriate information from institutions, matched funding will not be payable until February/March in the following year (ie information about gifts in 2008/09 notified on Annex C by the deadline of 31 December 2009, will normally be matched through allocations to the institutions concerned by March 2010).
21. We recognise that generating increased levels of voluntary giving will take time and will build up over the period of the scheme. Payment of the £10m available for the three-year period will therefore be lower in 2009/10 than in subsequent years. Funding will be allocated proportionate to the levels of funding available, the exact proportions will be determined once it is known how many institutions have opted for each tier. They will be approximately as follows:
  - Year 1 = 15 per cent
  - Year 2 = 35 per cent
  - Year 3 = 50 per cent
22. Models of how this would work for example institutions are set out in **Annex D**, together with notes of guidance.
23. The Scheme is intended to run for three years in the first instance. However, it is recognised that this is a short period and that the impact of the Scheme on levels of fund raising will only be apparent in the third year. If sufficient funding remains, at the end of the second year when we review the Scheme, we will consider the possibility of continuing it for a further period.
24. Institutions have freedom to decide how match funding is spent, within the requirements of the Financial Memorandum with HEFCW (Circular W08/36HE).

## Scheme progress

25. As noted above, we will review how the Scheme has progressed at the end of the second year of operation. This will be an opportunity for institutions to propose a change in tier. It will also allow us to revisit the level of the caps to maximise usage of the available funding to ensure that the Scheme rewards the most successful institutions. We will also revisit the length of the period of the Scheme to consider whether it should be extended beyond the three year period.

26. One source of information about levels of voluntary giving in the higher education sector is the Ross-CASE survey <http://www.rosscasesurvey.org.uk/>. The survey, which four institutions in Wales completed in 2007-08, provides a basis for assessing the aggregate level of voluntary giving across the sector and making comparisons with other parts of the UK.
27. Completion of the Ross-CASE survey for 2008-09 and for subsequent years is therefore a condition of grant for this Scheme. All participating institutions, including those with no previous fund raising experience, must complete this survey.

**Further information / responses to**

28. For further information, contact Dr Ewen Brierley (tel 029 2068 2291; email [ewen.brierley@hefcw.ac.uk](mailto:ewen.brierley@hefcw.ac.uk)). Return forms should be submitted to this e-mail address and signed hard copies marked for the attention of Ewen Brierley by **30 September 2009 (for 2007/08 information at Annex B)** and **31 December 2009 (for 2008/09 information at Annex C)**.

## Guidance for Completion of HEFCW Return Form

### Purpose of return form

1. The return form has been compiled to enable participating institutions to inform HEFCW of their eligible<sup>1</sup> philanthropic gift totals on an annual basis, commencing with 2007/08 returns. This process will enable us to:
  - Determine the baseline for the sector on the basis of 2007/08 returns;
  - Determine, on an annual basis from 2008/09, the total amount of philanthropic gifts received by the institution, which are eligible to be match funded;
  - Differentiate between donations of cash and shares;
  - Account for Gift Aid a) received by institutions and b) claimed or claimable as unpaid as at the year end;
  - Provide baseline data in terms of major gifts<sup>2</sup> donated;
  - Assist HEFCW to identify institutional performance in terms of progression towards their cap;
  - Inform a review of the Scheme after two years' of operation;
  - Enable certification of data as accurate by institutional Finance Director;
  - Provide baseline data for audit purposes.

### Payment of matched funds

2. Payment of matched funds for each year ending 31 July will normally be made before the end of March the following year.

### Institutional requirements to enable payment of matched funds

3. It is **mandatory** for all institutions participating in the matched funding scheme to complete
  - The annual Ross-CASE survey
  - The HEFCW return form

An electronic copy of the completed form and the hard copy signed return form should be submitted to Dr Ewen Brierley, at HEFCW offices, by the date stated on the form.

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<sup>1</sup> Eligible gifts are cash or shares that are received into the participating institution's accounts in the specified financial year, and are included within the institution's consolidated audited financial statements for that year.

<sup>2</sup> See paragraph 5

## Completion of the HEFCW return form

*Table 1 – Matched Fundable Income*

4. Please complete only cells A, B, C and D as follows:
- A. Please enter **total gifts of cash** received in specified financial year ended 31 July
  - B. Please enter **total gifts of shares** received in specified financial year ended 31 July. The cash value should be fixed on the value of the share at the date of donation.
  - C. Please enter **total Gift Aid RECEIVED**, which relates to the gifts of cash or shares received in the specified financial year ended 31 July.
  - D. Please enter **Gift Aid claimed or claimable**, which relates to the gifts of cash or shares received in the specified financial year ended 31 July, that is **unpaid at 31 July in that year**.

*Table 2 – Major Gifts*

5. The definition of a major gift is dependent upon the participating institution's tier:

<b>Tier</b>	<b>Major gift value</b>
1	£10,000 or above
2	£50,000 or above

6. Please complete table 2 as follows:
- a. Please enter the name of donor. If anonymity is requested, please enter "Anonymous Donor".
  - b. Enter the form of major gift (cash or shares).
  - c. Enter the precise value of the gift (**excluding** Gift Aid).
  - d. If this discrete donation is an instalment of a major gift (to be paid over a period of time), please enter the size of the overall gift.
  - e. Enter the date the major gift or instalment of major gift was received into your institution's financial accounts.

## Certification by Finance Director

7. All return forms should be certified annually by the institution's Finance Director prior to submission to HEFCW.

## Further information

8. If you have any questions about this guidance or the return form please contact Dr Ewen Brierley, [ewen.brierley@hefcw.ac.uk](mailto:ewen.brierley@hefcw.ac.uk), tel. 029 20682291. Information about eligible gifts can be found via the HEFCW website, [www.hefcw.ac.uk](http://www.hefcw.ac.uk) section on sector management and support, voluntary giving. Eligibility rules will be identical to those operating for the similar scheme in England and a link is provided from the HEFCW website to the FAQ section of the HEFCE website. Institutions should check the web-site regularly for the latest information relating to the eligibility rules.