**Introduction**

BU’s academics may receive philanthropic income in addition to research grants. It is vital that philanthropic income is sourced with the support of the Fundraising Department since there are BU procedures and requirements under UK law which must be adhered to. The Fundraising Team also has responsibility within BU to ensure that the most appropriate project is submitted to each philanthropic funder; this means that income is maximised for Board or UET-directed projects (such as new buildings, student support or BU2025 SIAs). This document gives an overview of the philanthropic income, a number of example scenarios to assist with decision making, and next steps. If you have any questions, or would like the Fundraising Department to raise money for your work, please email [fundraising@bournemouth.ac.uk](mailto:fundraising@bournemouth.ac.uk)

**Research income definitions**

* **Philanthropic**

Giving without the expectation of financial or other return. Philanthropic giving is usually non-contractual and usually from an individual or grant making trust.

* **Govt and other contractual research funding**

Income from Research Councils or other government agencies, including NHS Trusts and the EU. Government funding is not classed as philanthropic.

OR

Income from research contracts with other organisations such as corporates and charitable trusts.

**Other income types to be aware of**

* **Sponsorship**

Income received where an agreed set of benefits is provided to the sponsor (e.g. use of their branding on campus for a specific period). Sponsorship is VATable and not a donation, but technically trading.

* **Service contract**

Payment by a third party for BU to carry out specific services e.g. consultancy, KTP etc.

**Which type of income?**

In order to decide if a donation is philanthropic or not the following points should be considered:

* **Source**: e.g. charitable trust, government agency, corporate.
* **Purpose**: e.g. academic research, consultancy, CSR.
* **Donor benefits:** Philanthropic income does not provide any donor benefits, financial or otherwise. Benefits may include: PR/advertising; intellectual property rights; exclusive research publication rights; privileged access to project data; free consultancy.
* **VAT:** This is payable on sponsorship income and some contractual agreements. VAT is not charged on philanthropic income and research for the ‘public good’ (as classed by HMRC).

All philanthropic income must be processed in line with BU’s [Code of Ethical Fundraising and Donors’ Charter](https://intranetsp.bournemouth.ac.uk/policy/Code-of-Ethical-Fundraising-and-Donors-Charter.docx). For example, section 5, Acceptance and Refusal of Fundraising Income, states:

* 1. ***Acceptance and Refusal of Fundraising Income:***
     1. *Irrespective of any delegation the ultimate responsibility for ensuring fundraising income is accepted or declined in accordance with this Code of Ethical Fundraising and Donors’ Charter resides with the Board as charity trustees.*
     2. *All receipted fundraising income or pledges solicited, received or reported via the Fundraising & Alumni Relations Department will be reported annually to the Board. The Dean or Director of the relevant Faculty or Professional Service will ensure that fundraising income and potential fundraising income is reported to the Fundraising Department prior to acceptance.*
     3. *When determining the appropriate level of delegated authority the relevant value will be the aggregate donations/sponsorship from that donor/sponsor over a rolling 12 month period. Delegated authority to accept donations is as set out below, in all cases approval of the respective Dean or Director/Head of Professional Service is required to ensure responsibility for expenditure of the funds is accepted and in addition to that approval the following delegations apply:*
     4. *Donations of under £1,000 (unless from students, applicants or significant related parties where approval is required at the next level up as set out at 5.1.5 below) – the Director of Fundraising & Alumni Relations.*
     5. *Donations of £1,000 to and including £50,000 the Chief Operating Officer or in his absence another member of UET.*
     6. *Donations of over £50,000 up to and including £500,000 – two members of UET (who shall usually be the Vice-Chancellor and Chief Operating Officer).*
     7. *Donations of over £500,000 up to and including £1million – two members of UET (who shall usually be the Vice-Chancellor and Chief Operating Officer) and two nominated independent Board Members from a pool of four.*
     8. *Donations of over £1million require the approval of the Board either in a meeting or by written resolution as for all other Board approvals.*
     9. ***Escalation point for potentially higher risk donations***

*Where a donation is potentially higher risk because it falls within paragraphs 5.1.10, 5.1.11 or 5.1.12 below approval is required from two members of UET (normally the Vice-Chancellor and Chief Operating Officer) and two nominated independent Board Members from a pool of four in addition to the approval of the relevant Dean or Director/Head of Professional Service. In the event that consensus cannot be reached the matter shall be referred to the Board for a decision due to the reputational risk to the charity. This paragraph 5.1.9 applies in the following circumstances:*

* + 1. *Donations of £1,000 or more from students, applicants or significant related parties (this will apply to single donations/sponsorship and aggregate donations/sponsorship over 12 months if the limit would be exceeded). In addition, all fundraising income of over £1,000 from current students, applicants or significant related parties will be subject to the process set out in Appendix i, of this Code under the “Individuals” section;*
    2. *Any donation where the benefits offered are outside of those specified in Appendix ii of this Code; or*
    3. *Where the potential donor is in a category requiring extra due diligence as set out in Appendix ii of this Code.*

**Example scenarios - when is research income philanthropic?**

**Scenario 1:**

A charitable trust awards a grant to the University for a three-year research project. The grant conditions state that progress reports must be submitted to the trust quarterly and that results of the project are disseminated to the international scientific community.

**Is this philanthropic income?**

**YES** - the funder does not expect any financial or other return (the research carried out will be for the ‘public good’).

**Scenario 2:**

A medical foundation funds a PhD student to research improvements to medical diagnostic tools. BU is required to sign an agreement giving the foundation the rights to a share of any intellectual property that is created.

**Is this philanthropic income?**

**NO** - This is a contractual relationship and there is potential benefit for the funder.

**Scenario 3:**

A local boatbuilding company holds a masked ball and, and part of their CSR programme donates half of the ticket price to support BU’s marine archaeology research. The company plan to publicise the donation but have not asked BU to.

**Is this philanthropic income?**

**YES -** The funding is given without the expectation of any benefits given by BU.

**Scenario 4:**

An individual donates £100,000 p/a over three years to help fund a professorial chair. BU recognises this very generous gift by offering to name the chair after the donor.

**Is this philanthropic income?**

**YES** - The funding is given without the expectation of any benefits given by BU. The benefit of naming the chair is suggested by the university, not the donor.

**Scenario 5:**

A large engineering firm provides funds to support BU’s Festival of Design & Engineering. BU agrees that, in return, the company’s branding will be used in all promotional materials produced for the current year of the festival. Both parties sign an agreement to this effect.

**Is this philanthropic income?**

**NO** - This is sponsorship - the company is receiving an agreed set of benefits for supporting the university and the agreement is contractual. NB VAT is payable on sponsorship income.

**Next steps**

If you want to approach a philanthropic funder, or are unsure whether the funder is philanthropic (i.e. should you go via RDS or the Fundraising Department) please contact the [Fundraising Team](mailto:fundraising@bournemouth.ac.uk) for advice on how to proceed. For sponsorship income please refer to the [Sponsorship Toolkit](https://staffintranet.bournemouth.ac.uk/aboutbu/professionalservices/fundraising-alumni-relations/fundraisingintroduction/sponsorshiptoolkit/) for further information. We can quickly give you an answer, and also advise whether we can help you with your fundraising.