1 Introduction

1.1 This purpose of this policy is to set out the principles, criteria and processes that govern how Foundation Scotland [FS] makes grants. It complements the Donation Acceptance Policy, which defines the basis on which FS accepts donations into funds.

1.2 A grant is defined as a financial award the Foundation makes from its funds to support charitable activities, usually to registered charities or charitable community groups, but sometimes to other bodies and/or to individuals.

2 Scope

2.1 This Policy applies to all of Foundation Scotland's grant-making activity arising from national Scotland-wide programmes, thematic funds, local community-based funds or donor directed grant-making.

3 Abbreviation and Definitions

- CIC – Community Interest Company

4 Policy

Introduction

4.1 FS is a registered charity (SC022910) and limited company (SC152949) benefiting communities particularly, though not exclusively, in Scotland. It is governed by a Board of Trustees. A team led by the Chief Executive has delegated responsibility for day-to-day activities.

4.2 Trustees ensure proper governance of the FS's grant-making in three ways.

- Through grant-making principles which ensure that, even where there is donor or funding partner involvement, decisions are ultimately made by FS trustees. These principles, together with the Donation Acceptance Policy and Donor Agreements, clarify that funds given are an FS asset, albeit with degrees of restriction on their use, and that, where they are involved, donors are recommending grants, not awarding them.
- Through published grant-making criteria which set out the activities the trustees wish to support in furtherance of FS's charitable objectives and Strategic Plan. The criteria also exclude activities which the trustees do not wish to support because they do not consider them to be in line with the purposes of FS. The trustees accept that they will on some occasions make grants outside published criteria but that in all such cases the activity supported will be charitable in law and conform with the FS Memorandum and Articles.

- Through grant-making processes which set out how decisions are reached for awarding grants from different types of funds at the Foundation.

Grant-making Principles

4.3 The principles which underpin trustees' governance of FS's grant-making take into account the scale and range of its grants and strike a balance between proper oversight of decision-making and responsive customer service for both applicants and donors. The principles are as follows.

- The Board has ultimate collective responsibility for all grant-making decisions in line with the Foundation's charitable purposes and any restrictions agreed with donors and funding partners.
- Trustees may assign certain decision-making responsibilities to its sub-committees, Board members or staff within its scheme of delegation. Such delegated decisions are subject to scrutiny and review from time to time.
- Notwithstanding the delegations noted above, FS seeks to involve those with lived or learned experience to advise on its grant-making decisions. In some instances, FS will also invite the donor or a representative of the donor to advise FS on grant-making decisions.
- Trustees reserve the right to apply conditions to any grant.
- Trustees also reserve the right not to approve any recommendation or nomination if they (or those acting with their delegated authority) determine that the resulting grant would not be charitable or would conflict with FS's stated policies or damage its reputation.

Grant-making Criteria

4.4 The FS's published guidance on criteria for applications from individuals and groups is set out on its website. The aim is to make grants to a wide range of organisations. Trustees are particularly keen to help grassroots community groups and small-to-medium-sized voluntary organisations in the primary area of benefit, i.e. in Scotland. While not excluding larger Scotland-wide or UK-wide or international registered charities, FS normally only makes grants to such organisations where there are strong relationships in the primary area of benefit and the proposal has potential to achieve a substantial impact.

4.5 As a registered charity, FS can only make grants to support activity which is charitable in law although organisations do not have to be registered charities to apply for or receive a grant.

4.6 All applicant organisations must have a governing document, a governing body of at least three unrelated individuals and a bank account in the organisation's name with at least two unrelated signatories.

4.7 In line with OSCR guidance, the FS treats safeguarding with the highest importance. FS will only consider grants to organisation working with children and vulnerable adults where applicant organisations are able to demonstrate that safeguarding is a priority, and that they have adequate safeguarding policies and procedures in place. FS has a Child and Vulnerable Adult Safeguarding policy which details our approach and responsibilities.

4.8 FS is aware of the regulation and focus of CICs and other non-charity social enterprises. FS's approach is to consider helping such organisations, if there is a sound business plan, with the charitable costs of starting up the enterprise, setting up to trade existing goods in a new market or developing new goods and services to trade in line with the business plan and where the CIC meets

FS' minimum governance standards for charitable organisations. FS does not normally support CICs and other non-charity social enterprises with the costs of continuing services, which should be financed by the sale of goods and services in line with the governance and business model which they have chosen.

4.9 In line with its Strategic Plan, trustees expect that grants will normally support community organisations to achieve their desired social, environmental and economic outcomes by contributing to maintaining or improving social or human capital, and/or economic well-being, and/or mitigating the impact of climate change.

4.10 It is also expected that some grants will contribute to developing stronger, more sustainable organisations and which help strengthen the effectiveness of civil society overall.

4.11 External applications for support must be made using FS's on-line application process, although reasonable steps will be taken to provide information in alternative formats in line with the equality and diversity policy.

4.12 As well as the above requirements on legally charitable activity, safeguarding for business plans from CICs/non-charity social enterprises, the trustees consider the following external grant requests to be ineligible for the FS funding:

- General fundraising appeals or activities
- Trips abroad (unless otherwise stated on the fund page)
- Costs already incurred or activities which will take place before an application is considered, i.e. retrospective funding.
- The repayment of loans or payment of debts
- The advancement of religion or politics, including requests to support religious or political groups' core activities. However, religious groups may apply for funding for non-religious activity that will benefit the wider community beyond their own specific congregation and is open to all on a non-denominational basis. For example, a church may apply for funding to upgrade a church hall that is regularly used by other community groups.
- Payments towards areas understood to be the exclusive responsibility of statutory authorities.
- Activities that are likely to bring the fund, FS or the donor into disrepute. For example, we cannot fund groups or organisations using hate speech or inciting violence, or those linked to such groups or organisations.
- Activities that conflict with the interests of the funder. For example, where a renewable energy company provides funding, we cannot fund any projects or organisations that are anti-windfarm or anti-renewable energy, as such activities are likely to be contrary to the interests of the funder or its subsidiaries.
- For place-based funds, we cannot support projects which do not benefit the people who live within the defined fund area. Projects that benefit people in the fund area plus others outside that area can be supported on a proportionate basis. Applicants to these funds do not need to be based in the fund area.
- For themed/cause-related funds we cannot support projects which do not relate to the priorities stated for the fund.

4.13 To ensure FS can report on the impact of grants, it is usually expected that all grant recipients agree to provide proportionate reporting as part of their grant offer.

4.14 The minimum grant in response to an external request from a group is £500. The minimum for a donor-nominated grant is £500. There is no upper limit, but applicants should be aware that the average grant size is £5,000.

4.15 Some funds support individuals, however, FS only accepts applications from individuals to such funds as advertised or, exceptionally, from other funds on the basis of donor nominations.

Grant-making processes

4.16 FS aims for all published grant-making opportunities to be transparent and to address the interests of applicants and the wishes of donors and funding partners. Consequently, all eligible external grant requests go through a five-stage process as follows:

- **Application** to available funds according to their availability and criteria.
- **Eligibility check** to ensure an application fits with the published criteria of the fund.
- **Assessment** to determine the feasibility of the funding request against the published criteria. Some funds with high volumes of applicants may operate a shortlisting pre-assessment stage. Requests not shortlisted are rejected unless a donor/partner wishes to review them.
- **Review** of the assessment and recommendation from a fund advisor by a person acting with the delegated authority of the Board. This review and recommendation stage may involve those with lived or learned experience or involve the donor or a representative of the donor (as described at 4.3). Applications which are not awarded a grant are provided with feedback, unless nominated for an award via another fund.
- **Ratification** of the recommendation by the Board or a person/committee acting with its delegated authority.

4.17 In addition to published grant-making opportunities, FS may accept donor-nominated requests to award unrestricted grants subject to the proposed recipient being a UK charity that is registered with the appropriate regulator in England and Wales, Northern Ireland, or Scotland. For international donor nominated requests, FS will seek out evidence of charity registration for that specific country. Donors may also nominate organisations of any type for continuation funding based on successful feedback on a previous award from the fund concerned, subject to confirmation that there has been no material change in circumstances. The process for donor-nominated grants is:

- Nominations are submitted by the donor through our online donor portal, or a fund adviser nominates a grant to an eligible organisation or individual in need.
- For organisations, due diligence on governance and finance is conducted by staff using publicly available information from regulators to confirm that the nomination can be supported.
- Following due diligence, nominations that can be supported are ratified by the person/committee acting with its delegated authority.

4.18 Where a donor wishes to nominate support for an organisation other than as set out above, (including for a restricted purpose) the proposed recipient will be invited to make an application or submit a proposal which will be assessed on the same basis as external requests.

4.19 In addition to responding to external grant applications and donor nominations, FS may invite or commission proposals or provide funding in collaboration with others or by combining fund contributions when doing so would meet the Foundation's strategy, priorities and criteria for its funds.

4.20 Ratification of recommendations from donor-advised and panel-advised funds and for donor nominated grants is delegated by the Board to the Chief Executive. A list of ratified grants is formally reported to the Board each quarter.

4.21 Recommendations to approve high-risk and unusual grants of any type are also delegated by the Board to the Chief Executive. Examples include where:

- there is a question as to whether the grant would be for a charitable purpose;
- there are risks around an organisation's long-term liquidity or solvency;
- the grant is for unusually large sum, or for a type of organisation, activity or area of benefit not usually supported;
- one or more trustees or senior staff have a conflict of interest;
- there is a risk of damage to the Foundation's reputation;
- the nature of the funded activity would raise significant safeguarding risks;
- there is a potential conflict with the Foundation's policies.

5 Roles and Responsibilities

- Roles and responsibilities are detailed throughout the Policy

6 Training

- FS Assessors Manual and related training

7 Related Material

- Common Eligibility Criteria
- How Funding Decisions Are Made
- Who We Fund
- What We Fund
- Evidencing Value for Money
- H004 - FS Assessors Manual

8 Review

8.1 This policy is reviewed, approved, and endorsed by the Board of Trustees. It is updated when required by legislation or when FS reviews its grant-making, to ensure that it reflects statutory responsibilities, government guidance and best practice for FS, or every 36 months whichever is the soonest.

9 Document Properties

Title	Grant Making Policy		
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