

## **OXFORD ENDOWMENT CHALLENGE FUND**

### **Guidance on the structure and operation of the Fund**

#### **INTRODUCTION AND STRUCTURE OF THE GUIDANCE**

##### **Description of the Fund**

1. In 2015 Council took the decision to ring-fence £110m from Oxford University Press to be used as matched funding. The aim is to encourage fundraising for endowments to support existing University activities in order to substitute for funding by the University. Council agreed for matched funding to be on a 2:1 ratio (£2 from a donor matched by £1 from University funds). The money has been set aside in the Endowment Challenge Fund (ECF).
2. The over-riding principle of the Fund is to improve the financial position of the University by leveraging endowment gifts to underwrite current expenditure. A key principle is that money being displaced must not be used to fund additional activity. Equally, to be eligible for a match, all funding to the University must be new rather than funds that would be expected to be donated in any case. All activity being endowed must be an ongoing priority for the University (please see the section below and the separate document on the ECF priority list). These principles are to ensure that the impact of the Fund improves the University's bottom line.
3. This guidance is structured as follows:
  - Governance and notional initial allocation
  - Priorities and eligibility in principle
  - Scheme criteria and application form
    - Criteria for the award of matched funding
    - Other conditions and applicable policies
    - Committee to Review Donations
    - Naming or re-naming a post
    - Finalising submission of an application
    - Gift agreements
  - Release of matched funding and treatment of funds raised
  - FAQs
  - Sources of further information
  - Annexes
4. Please note that all overseas offices must be guided by, and co-ordinate closely with, divisional fundraising teams. Divisional teams have ownership of the endowment projects on the divisional priority lists and overall responsibility for ensuring that they are delivered.

## **GOVERNANCE AND NOTIONAL INITIAL ALLOCATION**

5. The Endowment Challenge Fund Management Group ('the Group') has been set up to establish the scheme and its key criteria, finalise the initial guidelines, and oversee the scheme's operation. The current membership of the Group is given at Annex I.
6. The Management Group will report to PRAC once a term. Once a set of priorities has been confirmed for all divisions, this will be reported to Council. Council may require periodic updates on the progress of the Fund.
7. Council's decision was for a notional split of £50m of the Fund for GLAM and £60m for the rest of the University. The notional initial allocation is useful for planning certainty, but does not represent a firm division of funds.
8. Whilst there is an element of 'first come, first served' in allocating funding, all individual applications for a match will be considered in the round and balanced against the priorities for the University as a whole. The aim is to maintain the momentum of the Fund, avoid funds being earmarked for an unreasonably long period to a particular project ('bed blocking') whilst keeping in mind the distribution of funds across divisions.

## **PRIORITIES AND ELIGIBILITY IN PRINCIPLE**

9. The four academic divisions and GLAM are required to identify their priorities for the Fund, taking advice from the Development Office on the viability of particular projects in terms of fundraising. These form the ECF priority list for each division.
10. The priority lists provide the framework for the Group's decision on individual applications for matched funding. This governance structure is designed to ensure that the University's strategic priorities are considered in the round. The priority lists for each division are available in a separate document (please contact Louise Parker [louise.parker@devoff.ox.ac.uk](mailto:louise.parker@devoff.ox.ac.uk) who can provide a copy once they are finalised).
11. The criteria for inclusion are that the activity must be capable of being endowed, and must be generic enough that the University would continue to want to fund it in circa 10 years' time (or that, when it comes to agreeing a match, there is sufficient flexibility in the agreement with the donor to enable redeployment to the next closest priority should the activity no longer remain a University priority).
12. There are three main stages to securing matched funding:
  - (1) Establishing eligibility in principle for matching. To be eligible, all projects must be on the ECF divisional priority lists as agreed in advance with the Group.
  - (2) Submitting a completed application form to the Group and receiving approval from the Group for a commitment to the match (see the following section).
  - (3) Confirming that the donation has been received in full in cleared funds. At this point, the match will be released (see section below *Release of Matched Funding and Treatment of Funds Raised*).
13. The flow chart at Annex 2 provides a summary guide to these stages.

14. Once the fundraiser has established eligibility in principle, s/he can, in fundraising for that project, raise the possibility of a match with a potential donor (or donors) once the conversation is fairly advanced (e.g. the opportunity must be qualified). However, care is needed in these conversations:
- It should be made clear that matched funding cannot be guaranteed. Matched funding may be mentioned in a donor proposal, but should not be promised.
  - The funding from a donor would need to be new, and not a gift that would be expected in any case in the absence of a match.
  - Any potential match should not be positioned as a 'discount' on the potential gift, i.e. a donor who was willing to give £1.5m decides instead to give £1m because of the existence of matched funding.

### **SCHEME CRITERIA AND APPLICATION FORM**

15. Once a fundraiser has received agreement in principle from a donor(s) to fund one of the projects, s/he may move to stage 2 and submit an application to the Management Group.
16. The fundraiser is encouraged to discuss the forthcoming application with Louise Parker in the Development Office ([louise.parker@devoff.ox.ac.uk](mailto:louise.parker@devoff.ox.ac.uk)) or with Kristoffer Tiffen in PACS ([kristoffer.tiffen@admin.ox.ac.uk](mailto:kristoffer.tiffen@admin.ox.ac.uk)), who can advise on the application.
17. In considering each application, the Management Group's focus will be on the project - and the degree to which it is both a strategic priority and improves the bottom line – rather than on the individual donor or group of donors.

#### ***Criteria for the award of matched funding***

18. Each individual application must meet the following key criteria:
- i. The estimated annual income from the endowment will, when matched, yield a sum sufficient to cover the purposes for which it will be given, usually the estimated annual cost of the activity. Fundraisers are advised to consider this at an early stage in discussions with donors to ensure that a sufficient size of gift is being requested.
  - ii. The post or activity must have been filled for 4 of the last 5 years.
  - iii. The post or activity must be an ongoing priority, generally as approved in advance by the Group.
  - iv. Expenditure displaced by the income produced from new endowment must not be used to fund additional activity or headcount.
  - v. External funding must be new funding and not redirected or funding that was already expected.
  - vi. The Chief Development Officer, the Divisional Financial Controller (DFC) and the Head of Division confirm their support for the application.
19. The application form is appended in Annex 3.

### *Other conditions and applicable policies*

20. All gifts must be from sources external to the University and received into OUDT. Funding from external agencies must be endowment funding to be eligible.
21. Single gifts, or pooled gifts from multiple donors, would be acceptable. Fundraisers should note that matched funding will not be released until all donor payments are received in full in cleared funds.
22. A donation will not be eligible for the ECF if it is being matched by other schemes, such as the Blavatnik scheme at the Blavatnik School of Government and the anonymous donor scheme at the Ashmolean.

### *Committee to Review Donations (CRD)*

23. The University will follow its normal procedures governing the acceptance of gifts, including referral to the Committee to Review Donations (CRD). A prospective donor needs to have been approved by CRD for any gift in excess of £100,000 as well as under certain other conditions.<sup>1</sup>
24. A donor must be submitted to CRD **before** a gift is solicited. Please note that the Committee to Review Donations usually meets twice per term and not at all over the long summer vacation, so sufficient time needs to be allowed for this stage of the process. For further advice, please contact Christine Jeffery, Director of Development Services ([christine.jeffery@devoff.ox.ac.uk](mailto:christine.jeffery@devoff.ox.ac.uk)) or Charles Kingston, Head of Prospect Research ([charles.kingston@devoff.ox.ac.uk](mailto:charles.kingston@devoff.ox.ac.uk)).

### *Naming or re-naming a post*

25. Please note that proposals to name or re-name posts enshrined in University legislation must be approved by the relevant committee. This will usually be the General Purposes Committee (GPC) for posts such as statutory professorships, etc and the relevant regulations are available at <http://www.admin.ox.ac.uk/statutes/regulations/councilregs24/index-24.shtml>). All posts that are to be named or re-named, regardless of whether they require a change in University regulations, must be approved by the relevant divisional and departmental committee(s).
26. Please note that colleges often name posts. The fundraiser needs to check whether any re-naming needs approval by the relevant college Governing Body. Posts can also move between colleges and, again, the fundraiser would need to check that the donor and recipient colleges are content with the proposed re-naming of the post.
27. In summary:
  - a. New statutory posts and changes to the regulations for existing statutory posts (such as re-naming) or posts where there is a Trust element need to be approved by the GPC and may require the approval of Council. GPC has responsibility for approving and amending trust regulations. Contacts for advising on putting a proposal to GPC are provided at the end of this guidance note.
  - b. GPC might also need to be involved if the naming or re-naming is considered to be in any way controversial, or to have reputational implications. GPC is responsible for risk management and reputational issues for the University.

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<sup>1</sup> See the guidance on CRD at <https://www.advancingoxford.ox.ac.uk/sharedresources>

- c. Divisional and, on occasions, departmental committees will also have to approve naming of posts. Please contact your Divisional Secretary who will be able to advise.
  - d. The relevant college will also need consulting where the post is partly a college post, or where the post is moving between colleges.
28. The key point is to start thinking about the process as early as possible to allow sufficient time for a paper to be drafted and submitted for PRAC and GPC for consideration. It can sometimes take longer than anticipated for changes to be approved, especially if Council approval is required. There is no set point in the process where GPC should be approached to approve changes to regulations, but it should be after the ECF Management Group has approved the matching in principle. For advice on this area, please contact Sarah Cowburn in Council Secretariat ([sarah.cowburn@admin.ox.ac.uk](mailto:sarah.cowburn@admin.ox.ac.uk)). Similarly, if a donor wishes to name or re-name other types of post and the proposals seems in any way controversial, please seek advice from Council Secretariat.

### *Donations by instalment*

29. The ECF allows donations to be made by instalment and each instalment will be matched as it is received. The fundraiser must ensure that the Management Group's secretary is made aware of the payment schedule so that instalments can be tracked, monies can be invested as soon as they are received, and the Management Group can be updated in the event of an instalment being missed.
30. Application to the Management Group (see Annex 3) should clearly state whether it is expected that the donation will be received in instalments and over what period. The Management Group has agreed that instalments can be made up to a period of five-years between the first and final instalments being received by the University – **proposed donations by instalments over a period greater than five-years will not be eligible for matching from the ECF**. In most cases, the first instalment should be received within 6 months of the gift agreement being signed; any excess time in awaiting the first instalment will be taken off the maximum five-year period allowed by the Management Group. This is to ensure that the time between the gift agreement being signed and the final instalment being received is no greater than five and a half years.
31. Donations by instalment carry a greater risk of a lower value endowment, and therefore resulting in posts not being fully-funded. This is in comparison to gifts which are made in a single transaction. The ECF Management Board is mandated to ensure that, so far as possible, the endowments established through ECF matches are fully-funded; therefore, while payments by instalments are allowed under the scheme, the preference of the Management Board is for single-payment gifts.

### *Finalising submission of an application*

32. On passing the checks above, the relevant Head of the fundraising team needs to co-ordinate sign off of an application form by Liesl Elder, Chief Development Officer ([liesl.elder@devoff.ox.ac.uk](mailto:liesel.elder@devoff.ox.ac.uk)) and by the relevant Divisional Financial Controller (DFC) and the Head of Division.
33. The fundraiser should submit the completed application form to Louise Parker (UODO) ([louise.parker@devoff.ox.ac.uk](mailto:louise.parker@devoff.ox.ac.uk)) and Kristoffer Tiffen (PACS) ([kristoffer.tiffen@admin.ox.ac.uk](mailto:kristoffer.tiffen@admin.ox.ac.uk)).

34. The completed application will be referred to the Management Group, which usually meets twice a term. Forms must be submitted at least 2 weeks prior to the Group's meeting. Kristoffer Tiffen can provide the dates of future meetings. Non-controversial cases may be considered by Chair's action in the event that there is time pressure. These will be considered on a case by case basis.
35. The fundraiser will be informed of the Management Group's decision within 1 week of the meeting. The Group's decision shall be final.
36. Once the Group has approved the application, the match will be ring-fenced against the approved activity for 6 months to give the fundraiser and donor time to complete the gift paperwork. This period could be extended if a strong case is made and subject to funds being available. Fundraisers should not assume that an extension will automatically be granted, particularly as the Fund nears exhaustion.
37. Please note that there are two types of ring-fencing: the 6 month ring-fencing described in the preceding paragraph once the Group has approved an application, and the ring-fencing of the University match in the Fund once a Deed of Gift has been signed. The University match will be ring-fenced in the ECF until the donor has paid their pledge in full, after which the money will be released into the relevant "board purpose fund" (see section on "Release of Matched Funding" below). This ring-fencing will be revisited if the donor misses a payment.
38. The Group reserves the right to redirect any match where a project or gift is not progressing.
39. The Group will ask for updates on the status of each approved match prior to each meeting.
40. The above standard process also applies where a gift comes via Americans for Oxford (AFO). The cash itself might come into the Gift Registry in a slightly different way from other gifts, but otherwise the same process applies.

### **Gift agreements**

41. An ECF template gift agreement has been drafted which must be used for any donations which include an approved match. The template document is available from Robert Bough or Francesca Stumbles.
42. Given the breadth of purposes for which gifts under the scheme may be given, the template, by necessity, will need more individualising to take account of the nature of each gift compared with most *pro forma* documents. Please contact Robert Bough in the Legal Services Office ([robert.bough@admin.ox.ac.uk](mailto:robert.bough@admin.ox.ac.uk)) for advice.
43. Once a gift has been agreed, the fundraiser will follow the standard process and will often need to complete a Request for a New Designation (the forms are available at O:\Public Files!\Policies and procedures\GIFT REGISTRY\Gift Registry FORMS). Where a gift has an ECF match, the fundraiser will need to complete the relevant box on the form before submitting to the Gift Registry. This ensures that the gift is flagged appropriately on DARS.

## **RELEASE OF MATCHED FUNDING AND TREATMENT OF FUNDS RAISED**

44. The Endowment Challenge Fund forms part of the unrestricted endowment held in the Oxford University Development Trust Fund (OUDT). Matched funding will be released against approved applications when the donor's contribution has been received in cleared funds.
45. Once the Group has approved an application and the gift agreement has been signed, release of matched funding will be deemed to have been approved, though actual release will only take place once the donor's contribution has been received. It is the responsibility of the Secretary, currently Kristoffer Tiffen, or other duly authorised officer, to document and communicate decisions of the ECF Group (in a pre-determined format) to the Trusts section of the Finance Division to allow for timely and accurate processing.
46. For each project, matched funding from the ECF will be released into the relevant "broad purpose fund" of OUDT, where it will form a sub-fund to segregate it from other funds. For example, matched funding for a specific teaching post will be held as a sub-fund within the overarching Oxford Teaching Fund "broad purpose fund".
47. Funds raised by UODO, departments, faculties and divisions will also be paid into the relevant broad purpose fund within OUDT e.g. the broad purpose fund for Humanities, the Ashmolean etc.
48. The University's funds will be treated as expendable endowment, in accordance with legal and tax advice. Donor funds will be treated either as expendable endowment or permanent endowment, depending on the terms on which individual donors have made their gifts. The University's strong preference is for donor funds to be expendable endowment.
49. The terms of the sub-funds, where used, will restrict the expenditure of the income (and the capital) to the costs associated with the post or project in question. The University will apply the whole of the income in support of the post or project, to meet such costs that the income is able to meet, and also, for posts, to fund substitute arrangements to cover any interregnum between appointments.
50. There will be a light-touch approach to the structure and the regulation of the ECF, allowing the University to treat the approved projects in the same way as any other endowed activity. That is, the investment of the funds and the disposition of the income (including any surplus, and the meeting of any shortfall), would in each case be at the discretion of the University, subject to the terms of the endowment.

## **FREQUENTLY ASKED QUESTIONS**

### **What donations qualify for matching?**

Please see the criteria and conditions in the guidance above. Eligibility is limited to endowment gifts that are new to the University and that are for projects which are on the ECF divisional priority lists, as approved by the Management Group.

### **What is the process for adding to or amending the divisional priority lists?**

The entries on the priority lists establish eligibility in principle for matching. The Head of Division may bring a case to the Group for adding or removing an entry on the priority list. The case would need to demonstrate why a project is now (or no longer) a divisional priority.

### **Can college posts/activities/projects be included?**

The Fund only applies to projects currently funded by the University. Projects jointly funded by colleges and the University are not eligible.

### **Are there limits on the amount of matched funding available for any one project?**

Projects for matching should normally be on the divisional priority list. All applications will be considered in the round and balanced against the priorities for the University as a whole, whilst keeping in mind the distribution of funds across divisions.

### **I need a decision on the application and the Management Group is not meeting for some time. Can I submit an application for approval by correspondence/Chair's action?**

Non-controversial cases may be considered by Chair's action in the event that there is time pressure. These will be considered on a case by case basis.

### **Can posts or projects be joint between departments?**

Yes, but the post or project must be a priority for both departments or, where relevant, both divisions.

### **What grade of posts is eligible for matching?**

There is no explicit *de minimis* e.g. there are some Grade 5 posts on the GLAM priority list.

### **What if a post can only be filled at a higher grade (i.e. where a match based on the current cost of the post risks under-endowing it)?**

It might be necessary to offer a post at a higher grade than that of the previous incumbent in order to recruit the most qualified candidate. For example, this might be the case where the previous postholder has filled the post for many years. This is allowed in principle, but the relevant department would have to provide a strong justification and reasoning which would be assessed by the Group.

### **How is Gift Aid treated?**

Where a donor is eligible for Gift Aid, this can be included as part of the donor contribution against which a match can be made.

### **Can a donor make a gift that is a permanent endowment?**

The University's strong preference is for gifts to be expendable endowment. However, where a donor will only make a gift as permanent endowment, this can be accepted under the terms of the

scheme. All University matched funding is expendable endowment, rather than permanent endowment.

### **Can donations raised through telethons and annual funds be matched?**

Yes, but all funding would need to be new and, given the sums of money being raised are likely to be relatively small, an application could only go forward to the Group once a fundraising threshold has been met to avoid multiple applications for small sums.

### **Are legacies eligible for matching?**

Legacy gifts are not in general eligible for matching. The offer of a match is unlikely to leverage a higher gift from the donor for existing legacies, and there is a strong risk that, in most cases, ring-fencing would be needed for a period considerably longer than 6 months.

## **SOURCES OF FURTHER INFORMATION**

If you require further information on the Endowment Challenge Fund or have a question which is not covered in this guidance, please contact:

- Louise Parker, Development Office – [louise.parker@devoff.ox.ac.uk](mailto:louise.parker@devoff.ox.ac.uk) , or
- Kristoffer Tiffen, PACS – [kristoffer.tiffen@admin.ox.ac.uk](mailto:kristoffer.tiffen@admin.ox.ac.uk)

Please contact the following for further information in specific areas:

Committee to Review Donations (CRD):

- Christine Jeffery, Director of Development Services - [christine.jeffery@devoff.ox.ac.uk](mailto:christine.jeffery@devoff.ox.ac.uk) or
- Charles Kingston, Head of Prospect Research - [charles.kingston@devoff.ox.ac.uk](mailto:charles.kingston@devoff.ox.ac.uk)).

Council Secretariat, for advice on naming and re-naming posts:

- Sarah Cowburn, Assistant Registrar (Governance) - [sarah.cowburn@admin.ox.ac.uk](mailto:sarah.cowburn@admin.ox.ac.uk)
- Felicity Burchett, Assistant Registrar (Governance and Compliance) - [felicity.burchett@admin.ox.ac.uk](mailto:felicity.burchett@admin.ox.ac.uk)

Gift agreements:

- Robert Bough, Senior Solicitor, Legal Services Office - [robert.bough@admin.ox.ac.uk](mailto:robert.bough@admin.ox.ac.uk)

Trust Regulation and Finance:

- Ellen Hudspith, Trusts Administrator - [ellen.hudspith@admin.ox.ac.uk](mailto:ellen.hudspith@admin.ox.ac.uk)
- Stephen Purbrick, Finance - [stephen.purbrick@admin.ox.ac.uk](mailto:stephen.purbrick@admin.ox.ac.uk)

## **Annex I**

### Membership of the Endowment Challenge Fund Management Group

#### *Members:*

Dr David Prout (Pro-Vice-Chancellor, Planning & Resources) (Chair)

Professor Gavin Screatton (Head of Medical Sciences Division)

Professor Donal Bradley (Head of MPLS Division)

Professor Sarah Whatmore (Head of Social Sciences Division)

Professor Karen O'Brien (Head of Humanities Division)

Professor Anne Trefethen (Pro-Vice-Chancellor, Academic Services and University Collections)

Dr Robert Easton (Pro-Vice-Chancellor, Development & External Affairs)

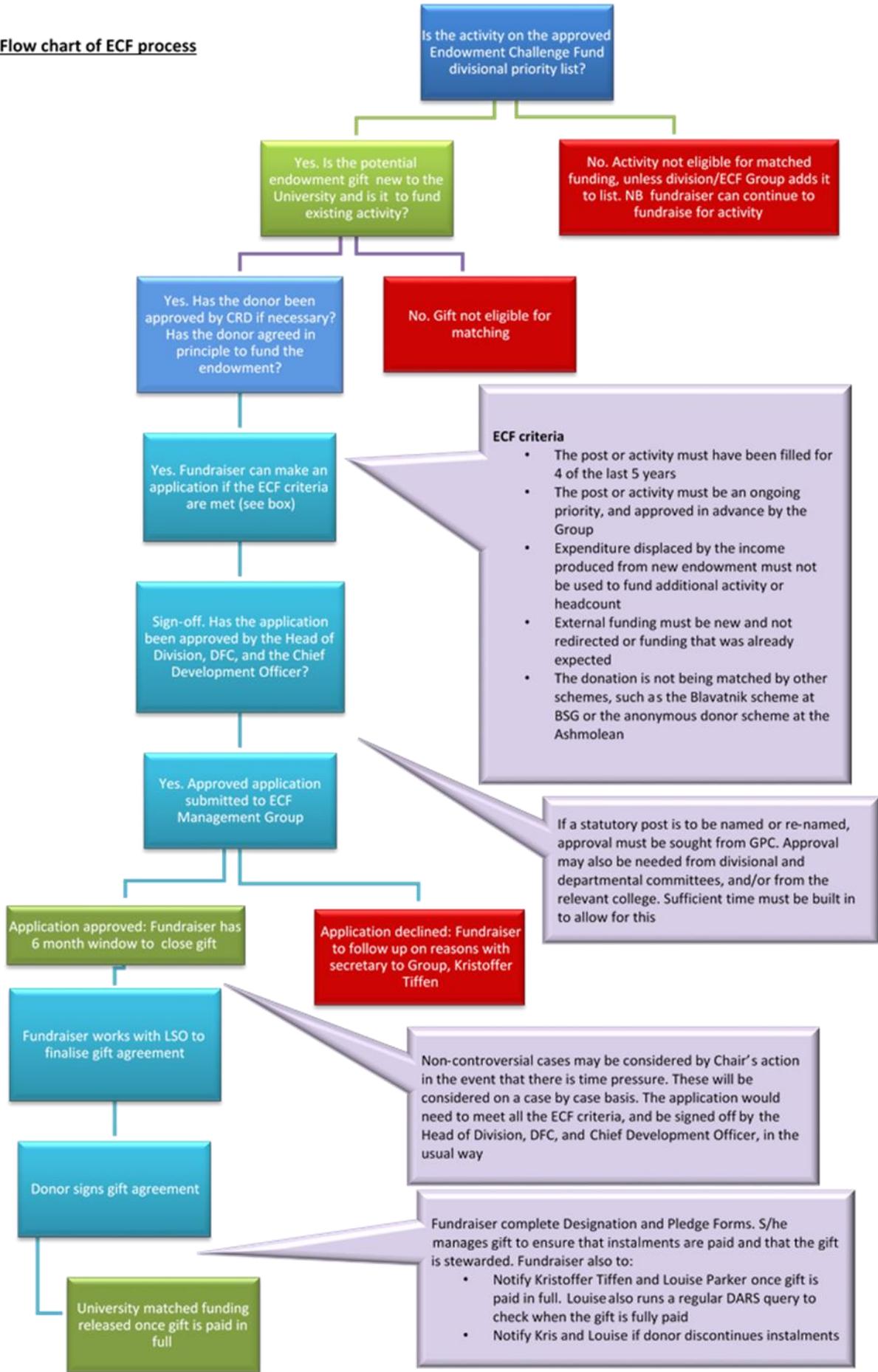
Ms Liesl Elder (Chief Development Officer)

#### *Officers:*

Ms Ellen Hudspith (Trust Regulation)

Mr Kristoffer Tiffen (Secretary, PACS)

**Annex 2: Flow chart of ECF process**



### **Annex 3**

#### **Application for project approval for Endowment Matched Funding**

**Division:** [Click here to enter text.](#)

**Department:** [Click here to enter text.](#)

**Post/activity/project:** [Click here to enter text.](#)

<b>Annual cost</b> (to cover salary, pension and on-costs)	<b>Endowment cost</b> (annual cost x25)	<b>Donor contribution</b> (incl. Gift Aid if relevant)	<b>University match requested</b> (minimum 2:1 ratio)	<b>Estimated annual income from endowment</b> (using 4% return)
<b>Post/Activity type</b> (Statutory Professorship, Associate Professorship (TF), Associate Professorship (NTF), RSIV, etc):				
<b>Is this a new post/activity?</b> (new posts/activities will be subject to an additional layer of scrutiny to ensure they are a University priority):				
<b>Will the gift be paid in instalments</b> (if yes, over how long)?				
<b>When was donor approved by the Committee to Review Donations?</b>				
<b>1. Has the post/activity been filled for at least 4 of the last 5 years?</b> Most matches from the Endowment Challenge Fund must be for existing activity. In exceptional circumstances the ECF Management Board may approve matched funding for new activity if it is a clear strategic priority for the University, and therefore would be undertaken in any case. If the post has not been filled for 4 of the 5 previous years, please provide a detailed justification for its inclusion.				
<b>2. Is the post/activity an ongoing Divisional priority for the foreseeable future?</b> Please provide a brief explanation.				
<b>3. Have all other committee approvals been obtained (e.g. those required for (re)naming a post)?</b>				

<b>4. Any further comments in support of this application?</b>

Expenditure displaced by the income produced from new endowment must not be used to fund additional activity.

Sign off required by:

**Divisional Financial Controller:**

**Head of Division:**

**Chief Development Officer:**

Please return completed forms to [kristoffer.tiffen@admin.ox.ac.uk](mailto:kristoffer.tiffen@admin.ox.ac.uk) and [louise.parker@devoff.ox.ac.uk](mailto:louise.parker@devoff.ox.ac.uk) for consideration at the next meeting of the Endowment Matched Fund Group.