



## **THE NATIONAL PIPING CENTRE**

### **DONATIONS POLICY**

**Approved by the Board of Trustees on 26 January 2023**

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### 1. Introduction

- 1.1. The National Piping Centre (the "**NPC**") is a company limited by guarantee registered in Scotland (no. SC139271) and registered with the Office of the Scottish Charity Regulator as a charity (no. SC020391). The NPC's principal object is to promote the study of the music and history of the Highland Bagpipe.
- 1.2. This policy has been prepared to provide guidance to the Trustees and staff of the NPC on the subject of donations and, in particular, the circumstances in which the NPC should refuse a donation.
- 1.3. In this policy, "**donations**" does not just mean monetary donations but will also mean donations of assets, investments, other property, or the offer of services in kind. The Trustees are expected to take the same approach to donations of such assets or services as with monetary donations.
- 1.4. The Trustees have approved this policy being made public on the NPC's website and therefore available to potential donors to, and beneficiaries of, the NPC.

### 2. The principle of accepting donations

- 2.1. As a charity, the NPC must not refuse donations, except in exceptional circumstances<sup>1</sup>.

### 3. Refusing a donation

- 3.1. The exceptional circumstances in which the NPC may refuse a donation are where the risk of damage to the NPC by accepting the donation will outweigh the value of the donation to the NPC.
- 3.2. This is a high bar, and it is for the Trustees, acting honestly, within their powers and in accordance with the NPC's constitution, to decide whether the circumstances are such that a donation should be refused. As with all decision making, the Trustees are required to act in the best interests of the NPC.
- 3.3. Such a decision requires competing factors to be weighed against each other. On the one hand the NPC's financial position will be improved by a donation, and this will allow it to continue to further its charitable objectives. On the other hand accepting a donation from a particular donor may damage the NPC's reputation and

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<sup>1</sup> This principle is set out in the Institute of Fundraising's Code of Fundraising Practice (last updated 4 June 2021). OSCR requires Scottish charities to follow the legal requirements relating to fundraising and the fundraising standards set out in the Code of Fundraising Practice.

this may make it more difficult to achieve its charitable objectives. This could manifest itself in a number of ways.

- Other donors may look less favourably on the NPC for future grants.
- Operational partners, such as RCS, schools, local authorities and other bodies, may decide not to work with the NPC, which would make it more difficult to achieve some of the NPC's charitable objectives.
- Individual customers (whether piping students, shop purchasers or hospitality clients) may choose not to come to the NPC for its services.
- It may be difficult to retain and recruit staff and freelance personnel.

3.4. The Trustees should follow the protocol set out below in order to help them assess risks associated with accepting particular donations.

#### **4. Protocol for assessing donation risk**

4.1. All offers of significant donations should be subject to due diligence carried out by the Trustees. For these purposes a significant donation would be

4.1.1. where the value of the donation is £15,000 or more (whether as a one-off donation, or spread over a series of instalments); or

4.1.2. where the donor is a non-UK individual or organisation;

4.2. In addition, the Trustees should consider, on a case by case basis, whether a donation that is not significant under the above criteria should, nonetheless, be subject to due diligence.

4.3. Due diligence involves finding the answers to questions about the donor and about the donation. The Charity Commission for England and Wales has prepared a Know Your Donor tool to help charities conduct such due diligence, extracts from which are set out in the appendix to this policy.

4.4. The results of such due diligence should be recorded and considered at a meeting of the Trustees, with the resulting decision appropriately minuted.

4.5. If due diligence checks reveal evidence of crime, the Trustees must report the matter to the police and/or other appropriate authorities.

4.6. If the Trustees have reasonable cause to suspect that a donation is related to terrorist financing, they are under specific legal duties under the Counter-Terrorism Act to report the matter to the police. In the case of money laundering, reports can be made to the police, a customs officer (HMRC), or an officer of the National Crime Agency.

- 4.7. If suspicions arise the due diligence should include checking the donor against the consolidated lists of financial sanctions targets and proscribed organisations.

## **APPENDIX I**

### **Charity Commission for England and Wales - Know your donor - key questions**

These questions are not intended to be asked in respect of each donor. However, trustees may need to consider them depending on the risk, including the size and nature of the donation, and whether it appears to have any suspicious characteristics.

#### **General information**

- Who are the donors?
- What is known about them?
- Does the charity have a well established relationship with them?
- Do any additional identity checks need to be made? Full use should be made of internet websites, particularly to check whether a donor organisation is registered with another regulator. Registration may provide access to the organisation's accounts and governing document.
- Are the donors UK taxpayers, and can Gift Aid be claimed?
- If Gift Aided, does the donation fail all the three tests, in which case it is a tainted charity donation? The tests establish whether the person or linked person or entity gains a financial advantage from the donation; whether one of the main or sole purposes is to obtain a financial advantage directly or indirectly from the charity for the donor or linked person; and the donor is not a wholly owned subsidiary of the charity or a 'relevant housing provider'.
- In what form is the money being received? Cash, cheque, bank transfer?
- Have any public concerns been raised about the donors or their activities? If so, what was the nature of the concerns and how long ago were they raised? Did the police or a regulator investigate the concerns? What was the outcome?
- Would any adverse publicity about the donor have a damaging effect on the charity?

#### **The nature of the donation and any conditions**

- How big is the donation?
- Is it a single donation, or one of a number of regular donations, or the first of multiple future donations?
- Is the donation one of a series of interest-free loans from sources that cannot be identified or checked by the charity?
- Are there unusual or substantial one-off donations?

- Does the donation come with any conditions attached? What are they? Are they reasonable?
- Is there a condition that funds are only to be retained by the charity for a period and then returned to the donor, with the charity retaining the interest?
- Is the donation conditional on particular organisations or individuals being used to apply the funds?
- Is the donation conditional on being applied to benefit particular individuals either directly or indirectly?
- Is there a suggestion that the charity is being used as a conduit for funds to a third party?
- Is the donation in sterling or another currency, perhaps with a requirement that the donation be returned in a different currency?
- Are any of the donors based, or does the money originate, outside the UK? If so, from which country?
- Does this country/ area pose any specific risks?
- Are donations received from unknown bodies or international sources where financial regulation or the legal framework is not rigorous?
- Is the donation received from a known donor but through an unknown party or an unusual payment mechanism where this would not be a typical method of payment?
- Is anything else unusual or strange about the donation?