

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 13 December 2018

**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer

**(For all enquiries)** (01753) 875036

**WARD(S):** All

### **PART 1** **FOR INFORMATION**

#### **BLIND DONATIONS AND SPONSORSHIPS**

##### **1 Purpose of Report**

The purpose of this report is to bring to the Committee the matter of blind donations and sponsorships in accordance with views expressed at the meeting of the Council on 24 April 2018.

##### **2 Recommendation(s)/Proposed Action**

The Committee is requested to note this report.

##### **3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. This is underpinned by good governance arrangements being in place.

##### **4 Other Implications**

###### **(a) Financial**

Financial implications arising from this report are considered in paragraph 5 of this Report.

###### **(b) Human Rights Act and Other Legal Implications**

There are no Human Rights Act implications arising from this Report. Any legal implications are considered in the body of this Report in paragraph 5.

###### **(c) Equalities Impact Assessment**

There is no identified need for an EIA arising from the subject matter of this Report.

## 5 **Supporting Information**

- 5.1. At the meeting of the Council on 24 April 2018 a motion was debated under Council Procedure Rule 14 relating to the acceptance of blind donations by the Council. This was in the context of attendance of a Members and two officers at the MIPIM Conference in Cannes. Although the motion was not carried, views were expressed that the subject of blind donations and sponsorships was appropriate to be brought before this Committee.
- 5.2 Blind donations are generally meant to refer to the situation where the Council or Members may be in receipt of funds or benefits where the identity of the provider of those funds or benefits is not known.
- 5.3 Sponsorship, in the context of Local Authorities, may refer to one of several types of situations. Firstly, It may refer to the situation where any payment or provision of any other financial benefit is made or provided in respect of any expenses incurred by a Member in carrying out his or her duties or towards that Member's election expenses. Secondly, it may refer to the situation where a business makes a payment to or confers some other financial benefit on the Council or a Member or Members in return for or in the hope of promotion of its brand, products or services or with a view to securing some other benefit or advantage from the Council. Thirdly, it may refer to practices such as sponsorship of items as benches, trees and bird and bat boxes, usually as memorials. Lastly it may refer to sponsorship of roundabouts by businesses as a means of advertisement of their business.
- 5.4 Sponsorship of Members in connection with expenses incurred by Members in carrying out their duties or towards their election expenses is governed by the Relevant Authorities (Disclosure of Pecuniary Interests) Regulations 2012 and Sections 30, 31 and 34 of the Localism Act 2011. Such sponsorship constitutes a disclosable pecuniary interest which must be disclosed to the Monitoring Officer within 28 days of a Member becoming a Member and registered in that Member's register of interests under Section 30 and if not already registered, must, under Section 31, be disclosed at any meeting of any committee of the Council where the interest is relevant to any matter to be considered at such meeting and the Member must then not participate in any debate or vote and withdraw from the meeting. Failure to comply with these requirements could result in the commission of an offence under Section 34 and possible disqualification as a member under the Local Government Act 1972.
- 5.5 Sponsorship of memorial items such as benches, trees and bird and bat boxes does not usually raise any concerns and is a practice carried out by many authorities. Sponsorship of roundabouts is usually part of efforts by Councils to raise revenue from advertising opportunities and, again, does not usually raise any matter of concern other than to ensure that regulatory and legislative requirements such as those relating to advertising standards, advertising control under Town & Country Planning legislation and the Code on Council publicity are complied with. Some Councils, such as Nottinghamshire County Council, have formal policies on such matters.
- 5.6 Of more concern, of course, is any manner of payment or conferring of benefits on Councils and Members intended to secure in return advantages other than the advertising or promotion of brands, products or services. The concerns in this area primarily raise issues of ethics and conduct and illegality.

- 5.7 Members are, of course, subject to the Councillors' Code of Conduct in Part 5.1 of the Council's Code of Conduct. This enjoins Members to abide by the Nolan Principles of selflessness, honesty, openness, accountability, objectivity, integrity and leadership. Under the Code Members are also required to not seek to exert influence on officers or to compromise their independence, not to seek personal advantage or advantage for others, to preserve the confidentiality of information, to uphold the law and not to do anything that would bring the Council into disrepute. Under the Code they must also disclose any personal interests and gifts and hospitality with a value in excess of £25.00.
- 5.8 Officers are similarly constrained by obligations contained in the Local Code of Conduct for Employees in Part 5.3 of the Constitution.
- 5.9 Both Members and Officers are both, of course, also subject to the criminal sanctions contained in the Bribery Act 2010. The Council also have an Anti Bribery policy in place which is available on the intranet for officers to refer to.
- 5.10 A further consideration in the context of sponsorship is that the activity of sponsorship may be being used to launder money in breach of Money Laundering legislation and involve dealings directly or indirectly with Politically Exposed Persons ("PEPs"). The Council has a counter fraud and money laundering policy which is available on the Council's intranet for officers to refer to and procedures to enable officers to report concerns to the Council's money laundering officer (MLRO), who is the Monitoring Officer, and in the event of his or her unavailability the Council's Corporate Fraud Manager is to be contacted. This policy makes clear that whilst not all of the legislation on money laundering is binding on local authorities, because they are not part of the regulated sector, there is a distinct reputational risk for any authority that does not have adequate policies and procedures in place and provides that following CIPFA's guidance a prudent and responsible council will adopt appropriate and proportionate policies and procedures designed to detect and avoid involvement in the crimes described in the legislation. The Council through, its codes of conduct for Members and Officers, its Counter Fraud, Anti-Money Laundering and Anti Corruption Policy and its Whistleblowing Code does have such policies and procedures in place.
- 5.11 The Service Lead for Governance has informally searched to see if any authorities have formal policies on the acceptance of donations and sponsorships. He has not been able to locate any instance of this, except in the case of Guildford Borough Council, a copy of whose policy is appended to this Report as Appendix 1. A simple policy along these lines, setting out principles by which the Council will operate in accepting sponsorships would, it is suggested, be prudent for the Council to consider adopting. More commonly, charitable organisations, such as the University of Bristol, The London School of Economics, and the Royal Shakespeare Company, do have formal policies in place for the acceptance of donations and sponsorships. A copy of the RSC's policy is appended to this Report as Appendix 2. Charitable organisations are enjoined by The Charity Commission and the National Audit Office to positively take steps to take steps the know the identity of their significant donors and the possible risks of donations which could damage the reputation of the Charity and to manage such relationships with care and prudence. It is suggested that similar provisions could be incorporated by the Council in any policy they might adopt.

## 6. **Conclusion**

The Council does not have a formal policy on acceptance of donations and sponsorships. This, however, is not unusual amongst local authorities. The Council does, however, have codes of conduct, policies and procedures to deal with dangers arising in this area. It might, however, be prudent for the Council to consider adopting a policy incorporating principles which will govern its acceptance of donations and sponsorship and steps it might take to know the donors and sponsors.

## 7. **Appendices**

Appendix 1 – Guildford Borough Council Sponsorship Policy.

Appendix 2 – RSC Donations and Sponsorship Policy.

## 8.. **Background Papers**

The Councillors' Code of Code, the Local Code of Conduct for Employees and Counter Fraud Strategy.