**Appendix ‘D’**

**SPONSORSHIP, DONATIONS & LOANS**

**QUESTIONS & ANSWERS**

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| **Q.1** | **What is ‘Sponsorship’?**It is the giving of money, goods or services to support activities which will enable the Organisation to either enhance or extend the service which it normally provides and for which the provider expects a defined benefit. |
| **Q.2**  | **What does ‘Benefit’ mean?**Commercial Benefit to the Provider: An organisation (business) paying to have its name or one of its products/services associated with an initiative or activity of the Organisation. Sponsorship under these terms does not include gifts or loans to officers/staff and other employees of the Organisation, in their capacity as private individuals. |
| **Q.3** | **What is meant by ‘Gifts’?**Donation or philanthropy – Gift (VAT free): Where the provider is given no defined or commercial benefit.Note. Where a public or private sector body donates equipment or cash, the gift is deemed a donation, because the Organisation is not directly liable for the grant conditions e.g. a local authority has obtained funding and from this donates an off-road motor cycle for the police to use to cut down anti-social behaviour. |
| **Q.4** | **What is a ‘Loan’?**It is something we have to give back. It is VAT free depending on whether the provider requests a ‘benefit’ from the loan, e.g. in respect of a car dealership VAT would be chargeable where there is a visible reference to the dealership. |
| **Q.5** | **What can we seek sponsorship for?**Anything connected to a policing purpose and which represents an opportunity to work in partnership and to generate additional resources to contribute to reducing crime and disorder and the fear of crime. Sponsorship funding is not to be used to deliver core policing and should not be relied upon as a source of future funding.Basic examples include:• Business partners sponsoring an event, such as an Awards ceremony or conference;• Provision of a vehicle for Police Community Support Officers to use when covering rural areas or a Special Constabulary vehicle;• Business partnership support for community safety initiatives;• Equipment/money for covert cameras in capture cars;• Money to enable the Force to buy bicycles for neighbourhood teams. |
| **Q.6** | **What about VAT?**VAT advice may be sought from the Head of Finance.It is necessary to point out at the very beginning of seeking sponsorship that there may be a VAT aspect because the Organisation is VAT registered.If, as a condition of external support, the Organisation provides a clearly identifiable return that benefits the supplier, then output VAT must be accounted for. Such recognition will generally be the displaying of a logo or the recording of more than a mere acknowledgement of the sponsorship.If something is given unconditionally and without recognition there will be no supply for VAT purposes.The value placed on the taxable supply would include any additional costs, such as maintenance, servicing, and MOT, in the case of vehicles. The VAT charged to the sponsor will be 20% of the value of the supply. The supplier will be able to reclaim the VAT amount on their VAT return, so no additional costs are actually incurred by the supplier/sponsor.A VAT sales invoice would need to be raised by the Finance Department to the supplier/sponsor.In most circumstances sponsorship will incur VAT, even if no money changes hands but where there is a ‘benefit’ in kind it is classed as a taxable supply. A simple media launch, whether by TV/Radio or the press does not count as benefit in kind. |
| **Q.7** | **What allows the Police to seek Sponsorship, as I thought that we were a non-profit making organisation?**Section 93 of the Police Act 1996 states that “a Police Authority” (which has now been superseded by the Police and Crime Commissioner) “may, in connection with the discharge of its functions, accept gifts of money, and gifts or loans of other property, on such terms as appear appropriate to the Authority” (read Police and Crime Commissioner).The acceptance of sponsorship for non-core activities is intended to extend and enhance the Organisation’s service to the community.Police Forces throughout the UK are entitled to raise some of their annual budget through sponsorship including donations and loans. |
| **Q.8** | **Does there have to be an obvious reason as to why the police should be entering into sponsorship with a particular organisation?**If the association with the potential sponsor is not obvious, then it needs to be made clear as to why the sponsor sees a synergy between their objectives and those of the Organisation.  |
| **Q.9** | **Do we have to wait for someone to approach us, or can we seek sponsors?**Not at all! We can seek sponsorship from anyone, subject to their being:-• A synergy between the proposed sponsor’s and Organisation’s objectives.• The proposed sponsor is not currently tendering for a contract with the Organisation.• There is no pending court cases associated with the proposed sponsor. |
| **Q.10**  | **How can I communicate with potential sponsors?**Successful sponsorship agreements happen when there is an existing relationship with the sponsor. Arrange to meet with the sponsor and talk through the options. Work with Corporate Communications for advice on the best ways to engage organisations through press releases and social media.  |
| **Q.11** | **Who should I contact for advice?**In the first instance and before approaching any potential sponsors, contact the Funding and Partnership Lead.  |
| **Q.12** | **Are there any forms I need to use?**In all cases the ‘Sponsorship Proposal’ should be completed with the Funding and Partnership Lead. Internal consultation will take place and a series of checks will need to be completed.  |
| **Q.13** | **Are there any Financial Authorisation Levels?**The Financial Authorisations are set out in the Manual of Corporate Governance. |
| **Q.14** | **Can I get Sponsorship quickly?**Obtaining sponsorship is unlikely to be a swift transaction. It is worthwhile to get it right within the guidance and although it may take some time, it is worth being careful due to the potential implications which could arise.  |
| **Q.15** | **Where should the Sponsorship money go?**Any payments should be addressed to the Organisation and you should be speaking with your Funding and Partnership Lead so that they are aware of what is happening and can advise. It is important that all income must be accounted for. No external or separate bank/building society accounts should be used at any time.VAT will be accounted for centrally within the Finance Department. The information required to make a proper calculation will be taken from the completed sponsorship application form.Any sponsorship monies/goods received must be spent in accordance with the Sponsorship Agreement between the Organisation and the Sponsor Organisation(s). Should any arrangement not be directed to a specific project, all funding or goods will be used at the discretion of the Police and Crime Commissioner/CFO (PCC) or CFO (CC) in conjunction with the CFO (PCC) if under £100,000. |
| **Q.16** | **Can I go and get a sponsored vehicle?**Vehicle sponsorship is complex due to the potential cost, servicing and recovery implications for the Organisation, so do not pursue any vehicle sponsorship without first speaking to the Funding and Partnership Lead and Head of Fleet Services. |
| **Q.17** | **Are there any checks that need to be made?**Yes, it is imperative that checks take place at an early stage in the process of obtaining sponsorship. Contact the Service Development Team for advice.  |
| **Q.18** | **Can we endorse a Company, its product or service?**No. |
| **Q.19** | **What about the word/label terminology used for Sponsorship?**Care must be exercised in the choice of words used to describe the relationship that exists between the Organisation and any sponsor/supporter or supplier of external funds.“Supported by” should be used where an initiative has received financial or in kind support forming a minority of the overall project/scheme/initiative. In most cases, this will be the appropriate choice and in all cases is the safe option.Variations of “Supported by” include:“Working together” or “Working with” or “Working for a Safer………..” are permissible, particularly in cases where such use better fits the display space or commercial requirements. |
| **Q.20** | **Why can’t we use “Sponsored by”?**This is because this infers a total coverage of cost and a financial relationship between the parties. It is also indicative of total endorsement – a contradiction perhaps of the Organisation’s policy. This will rarely be applicable and should never be used without first seeking advice. |
| **Q.21** | **What about using “In partnership with” or “In association with”?**No! These words denote a legal relationship where the consequences could be shared ownership of assets and liabilities. This too, is indicative of total endorsement contrary to policy. There may be an occasional situation where “Working in partnership (or in association) with the Organisation” is an acceptable circumstance. However, care must be used in determining the phrasing and advice must be sought from the Service Development Team before venturing into the wording and thus avoiding misunderstandings surrounding potential liability. |
| **Q.22** | **What about “Jointly working towards”**This infers partnership and an equal share in the outcome. Whilst it may be a statement of fact the ‘wordy’ nature of the phrase is not conducive to the badging of vehicles or promotional print items. It is only recommended for printed proposals, working papers, presentations, press statements etc. |
| **Q.23** | **Is there anything else I need to consider?**Above all else, before entering into any sponsorship, please protect the integrity and ethics of the Organisation, the Police and Crime Commissioner and the Chief Constable.  |