

STOWE SCHOOL FOUNDATION

POLICY AND PROTOCOL FOR SEEKING AND ACCEPTING DONATIONS

Introduction

This document aims to set out key points of policy and protocol to be used in seeking and accepting donations to Stowe School Foundation (SSF). In establishing and adhering to this protocol, it is expected that any potential risks (reputational, financial or other) to the Foundation and to the School may be avoided.

In practice, the vast majority of the donations received by SSF are received either from individuals already well known by the School or from other entirely trusted sources. In these cases, there should be no cause to question the provenance of the funds or the integrity of the donor. However the scope of this protocol should not be restricted to donors from one territory, or to donations above a certain level: the well-publicised case at the LSE some years ago indicates that risk can be attached to donations of all sizes.

Whilst fundraising by fully staffed Development Offices in schools in the UK is still an emerging activity, documented and well-embedded protocols within the sector are relatively under developed, and structures and resource levels for understanding and dealing with the various risk-related issues are in development. In assembling this document, useful guidance has therefore been sought from a number of sources:

1. Institute of Fundraising Codes of Practice: 'Handling of Cash and Other Financial Donations' and 'The Acceptance and Refusal of Donations'
2. Charity Commission: 'Know your Donor'
3. Financial Services Authority: 'Financial Crime Guide Instrument 2011'
4. The Woolf Inquiry Report: 'An Inquiry into the LSE's links with Libya and lessons to be learned'

Policy for accepting donations

It is the Policy that for any donation to be accepted by SSF, it must satisfy the following key criteria:

1. Provenance of the Funds

The funds must not be derived from the proceeds of money laundering or any other illegal activity.

2. The Donor

The activities and reputation of the donor must be consistent with the values and reputation of Stowe. The School should be careful that a donation is not offered in order to give respectability to those whose reputation is doubtful.

3. Conditions and Benefits related to the Donation

There must be no conditions or benefits related to the giving of the donation which could or would otherwise not have been enjoyed by the donor and/or connected persons and this includes the provision of education at Stowe School. All donations must be fully compliant with the Bribery Act 2011 and the School's Anti-Bribery Policy.

4. Purposes of the Donation

Donations must not be accepted for purposes or projects which are not in the best interests of the School or do not fit with the objectives or strategies of the School as determined by the Governors.

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Protocol for ensuring the Policy is met

1. *Process for identifying, prioritising and approaching potential donors*

The initial identification, prioritisation and approach of prospect donors, leading to an 'ask', should be co-ordinated by the Development Office, under the leadership and responsibility of the Director of Development and working with the Head and Chairman of the Campaign (a Governor) as appropriate. Other members of staff or volunteers working with the Campaign should not approach potential donors without the knowledge and agreement of the Development Office.

2. *Researching the Donor*

As the Charity Commission advises: "Trustees should take reasonable and appropriate steps to know who the charity's donors are, particularly where significant sums are being donated or the circumstances of the donation give rise to notable risk."

In the process of identifying prospect donors, the Development Office will assess, *to the best of its ability*:

- Current business, personal and charitable interests
- Past business, personal and charitable dealings
- Other relevant information that may impact upon an individual's reputation or motivation for making a donation

The Development Office will only progress with (or recommend that approaches are made by others to) those that satisfy this analysis. If in any doubt, the Director of Development will discuss particular cases with the Head and / or the Chairman of the Campaign.

3. *Researching Third Parties*

The Development Office will apply, to the best of its abilities, the same analysis and research in cases where donations might be made through third parties - whether businesses, trusts or other entities.

4. *Receiving the Funds*

In order ultimately to accept any donation, the Development Office (and Head and Governors, as relevant) must be satisfied that the Policy criteria (see above) are met.

It is accepted that where a donation is anticipated to be of a modest scale (under £25,000), the level of risk is low.

It is also accepted that where funds are to be received from UK bank accounts, the level of risk is low, given the legal obligations already placed on UK financial institutions to assure themselves of the legality and provenance of funds.

Whilst donations should preferably come from UK bank accounts, it is accepted that sometimes a donor might wish to transfer funds from other sources - perhaps an overseas bank account or business interest linked to the donor. Where it is believed that this might be the case, the Development Office should take particular care in arriving at the satisfaction needed. Of particular difficulty will be funds remitted by a UK citizen and taxpayer from an overseas bank account for fear that the funds are a consequence of tax evasion.

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No cash receipts are accepted, without prior authorisation of Trustees.

Potentially difficult situations should be considered on a case by case basis and reasonable judgement applied. It is accepted that asking a prospective donor directly about the provenance of his funds and business interests may both appear impertinent and produce no information or insight of any value. In such cases, therefore, particular focus should be paid instead to desk and other forms of research available.

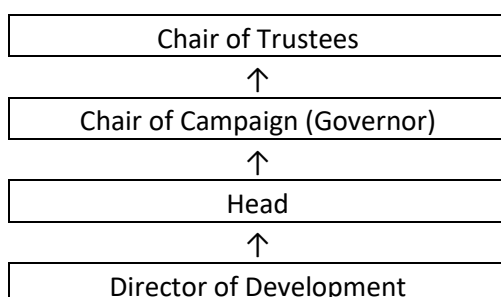
In considering these matters, the advice of the Institute of Fundraising should be noted: that Trustees (see below) ought to be particularly careful when refusing donations based solely on the grounds of expediency, as judged by themselves. In such cases, Trustees are potentially answerable to the Charity Commission and must be able to demonstrate clearly how the 'best interests of the charity' have been served by refusing any particular donation.

However, in accepting funds by way of donation, Trustees have a duty to ensure that the funds do not arise from the proceeds of crime, including tax evasion, nor from a source which is dubious and/or potentially able to bring the charity into disrepute. If these concerns are real and a potential donor is not prepared to assuage Trustees' concerns, the appropriate course of action may well be to refuse to accept the donation.

5. Responsibility for accepting or refusing a donation

By law, ultimate responsibility for deciding whether to accept or refuse any donation lies with the Trustees of SSF. The law requires Trustees, in making this decision, to consider which course of action will, taking an overall view, be "in the best interests of the charity". In so doing, "Trustees must act reasonably and prudently in all matters relating to the charity and need always to bear in mind that their prime concern is its interests. They must not let any personal views or prejudices affect their conduct as Trustees."

In reality, Trustees of SSF delegate responsibility for accepting or refusing donations on a day-to-day basis to the Development Office, Head and Governors at Stowe. The following 'chain of command' should be used for briefing Trustees on any substantial donation (£100,000 or greater) or any donation likely to be seen to be potentially in conflict with the Policy above.



It is understood that decisions may need to be taken quickly, and outside of the normal timetable of Trustees' meetings.

The law provides for only limited instances when a charity may return a donation it has already accepted. It is therefore incumbent on the Development Office, Head, Governors and Trustees of SSF to satisfy themselves that the criteria within the Policy are met before accepting a donation.

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Two further elements of policy relate to the donation once it has been received:

6. Purpose of the Donation

Any donation must ultimately only be used for purposes and projects in accordance with the wishes of the donor.

7. Tax Relief

Tax Relief (Gift Aid etc) must only be claimed in accordance with HMRC rules.

Final Considerations

The Woolf Inquiry analysed in considerable depth the processes and shortcomings behind the donation to LSE from Saif Gaddafi. In his report, along with a number of recommendations about the structures and practices needed in the future, Lord Woolf provides valuable guidance which could be as true for a school like Stowe as for a university. Two points are quoted below which highlight that the decision on whether to accept or refuse a donation may be far from 'black or white':

The Role of Judgement

"It is vital that a university carefully analyses any potential donation. It should seek to obtain sufficient evidence to enable it to come to the right decision as to whether to accept a gift or not. This will involve making a judgement. A university should not be criticised for deciding to lawfully accept a gift, so long as it makes proper investigations and then comes to one of the range of decisions which are appropriate in the circumstances."

Avoiding excessive risk aversion

"While stressing the importance of a proper evaluation of the risks involved, care must be taken to avoid becoming excessively risk averse and refusing donations which could properly be accepted. Philanthropists may take exception to their offers of donations being spurned. The cases where this happens should be limited to the minority of situations where there are real grounds for doing so."

Addendum

It is noted that sometimes donations may be non monetary and the same principles should apply to monetary and non monetary donations.

The expectation, unless authorised by Trustees in exceptional circumstances, is that donations of shares shall be sold for cash as soon as possible by SSF.

Review date: October 2023

Next review date: September 2024