

15.1 Adoption of Policy 116 Sponsorship

Location	Town-wide
Reporting officer	Liam O'Neill
Responsible officer	Carrie Parsons
Voting requirement	Simple majority
Attachments	<ol style="list-style-type: none">1. Policy 307 Sponsorship by private companies on Town property including events [15.1.1 - 4 pages]2. Policy 114 Community funding Sponsorship removed [15.1.2 - 11 pages]3. Policy 116 Sponsorship [15.1.3 - 6 pages]

Recommendation from the Policy Committee

That Council:

1. repeals Policy 307 Sponsorship by private companies on Town property including events as attachment 1.
2. amends Policy 114 to delete:
 - a. "Sponsorship" from the Policy scope
 - b. the definition of "sponsorship" from the policy definitions; and Clauses 31 to 40, inclusive.
 - c. "Practice 114.3 Sponsorship by the Town" from the related documents and that the policy be renumbered accordingly.
3. adopts Policy 116 Sponsorship as attached attachment 3.

Purpose

To separate the processes for sponsorship from Policy 114 Community Funding and incorporate the relevant provisions of Policy 307 Sponsorship by private companies on Town property into the new policy.

In brief

- Council, at its 20 October 2020 meeting resolved to request a report to the Policy Committee to separate sponsorship from Policy 114 Community Funding which will also incorporate Policy 307 Sponsorship by private companies on Town property including events.
- Issues of grants and sponsorship were highlighted as issues of concern in the Inquiry into the City of Perth and the recommendations of that inquiry are incorporated in the proposed policy.
- In undertaking this review the Town has looked holistically at what Sponsorship seeks to achieve in comparison to the systems of community, business and other grants, donations and subsidies.
- At its core, sponsorship is intended to be a more commercial return on investment transaction, not a grant or subsidy with capacity building intent, and the policy is prepared accordingly.

Background

1. Under Policy 001 Policy Management and Development, a policy response was identified as required due to:
 - (a) new or changing industry and organisational standards
 - (b) community need or expectation
 - (c) as a result of a Council resolution.

2. Council at its meeting on 20 October 2020 resolved to separate the processes for sponsorship from Policy 114 Community Funding and incorporate the relevant provisions of Policy 307 Sponsorship by private companies on Town property into the new policy.
3. The Inquiry into the City of Perth highlighted a number of concerns relating to grants and sponsorship and provided a series of recommendations to improve processes.
4. The Town in its 2020-2021 first sponsorship round, allocated \$46,384 of sponsorship. The overall budget is \$100,000. The second round for receiving applications will open in January 2021.

Strategic alignment

Civic Leadership	
Strategic outcome	Intended public value outcome or impact
CL06 - Finances are managed appropriately, sustainably and transparently for the benefit of the community.	Having a robust sponsorship policy ensures the Town can appropriately manage its finances.
CL08 - Visionary civic leadership with sound and accountable governance that reflects objective decision-making.	Recognising the need for a revised sponsorship policy demonstrates sound and accountable governance.

Economic	
Strategic outcome	Intended public value outcome or impact
EC01 - A desirable place for commerce and tourism that supports equity, diverse local employment and entrepreneurship.	Sponsorship is intended to make the Town a more desirable place for commerce and tourism.

Social	
Strategic outcome	Intended public value outcome or impact
S04 - A place where all people have an awareness and appreciate of arts, culture, education and heritage.	Sponsorship arrangements are focused on delivering an awareness and appreciate of arts, culture, education and heritage.

Engagement

Internal engagement	
Stakeholder	Comments
C-Suite	C-Suite provided guidance around what the sponsorship program is envisaged to deliver.
Stakeholder Relations	Stakeholder relations provided significant input into the draft policy.
Community Development	Community Development provided application, evaluation and procedural guidance of previous and current sponsorship, grants and subsidies considered.
Governance	Provided advice in relation to the policy around ensuring the management of gifts, conflicts of interest and probity in the sponsorship process.

Legal compliance

[Section 2.7 of the Local Government Act 1995](#)

Risk management consideration

Risk impact category	Risk event description	Consequence rating	Likelihood rating	Overall risk level score	Council's risk appetite	Risk treatment option and rationale for actions
Financial	Financial loss as a result of a sponsorship arrangement that does not benefit the Town.	Minor	Possible	Medium	Low	Treat by maintaining an effective and appropriate sponsorship policy.
Environmental	Not applicable.				Medium	
Health and safety	Not applicable.				Low	
Infrastructure/ ICT systems/ utilities	Not applicable.				Medium	
Legislative compliance	Conflicts of interest relating to sponsorship are not managed appropriately.	Minor	Possible	Medium	Low	Treat by establishing appropriate processes to manage conflicts of interest relating to sponsorship.
Reputation	The Town's enters into a sponsorship arrangement with an organisation that attracts negative media attention or return on investment is not perceived as value.	Moderate	Possible	Medium	Low	Treat by ensuring all risks are assessed in relation to possible sponsorship parties and maintain ability to refuse future sponsorship based on meeting acquittal criteria and terminate agreement for acting contrary to the agreement or Town's values.
Service delivery	Not applicable.				Medium	

Financial implications

Current budget impact	Sufficient funds exist within the annual budget to address this recommendation.
Future budget impact	Not applicable.

Analysis

5. In considering a new policy for sponsorship the Town gave consideration to what sponsorship is intended to achieve. Specifically, sponsorship, unlike community funding, is intended to be a reciprocal commercial arrangement that benefits the Town as an organisation, and the community. This distinguishes the way sponsorship is evaluated, from a commercial return on investment, brand and reputation, benefit and economic impact perspective, as well as a broader community benefit perspective.

Managing conflicts of interests

6. A core consideration in developing a new sponsorship policy has been around addressing the findings and recommendations arising from the Inquiry into the City of Perth. In particular findings around the acceptance of tickets from sponsored organisations by elected members who would then vote to renew sponsorship to the same organisation, without declaring a financial interest. Based on the wording contained in Policy 114 Community Funding, the proposed policy reinforces the need to appropriately manage interests in respect of sponsorship.
7. This proposed policy also seeks to go further and address two core concerns around sponsorship:
 - (a) the receipt of a personal benefit, by elected members or employees, as a result of a sponsorship arrangement, which could give rise of financial interest; and
 - (b) the attendance at events by elected members and the CEO where it forms part of the expectations of the sponsorship arrangement, such as presenting a sponsored award at an awards ceremony.
8. In addressing personal benefit, the policy proposes that no sponsorship can be accepted or awarded where it will result in direct personal benefit to an elected member or employee. Similarly, if it provided direct personal benefit to the directors or employees of the other organisation. This is intended to ensure, that where a sponsorship arrangement includes as an example, free tickets for each elected member to attend an event, that this would not be considered by the Town. What it does allow for however, is tickets to an award ceremony, or conference, where the Town is invited to attend or present, in addition to sponsorship benefits that might be included within an agreement.
9. In the case of attendance at an event where it does form part of the expectations of the sponsorship arrangement, the Town's Policy 024 Event Attendance, and the relevant provisions of the *Local Government Act 1995* applies. This means if a sponsorship arrangement will result in elected members or the CEO to attending an event, event attendance approval should be sought alongside the approval for the sponsorship arrangement. Obtaining event attendance approval removes any financial interest associated with the event, in accordance with section 5.62(1B) of the *Local Government Act 1995*.

Managing sponsorship arrangements

10. The Town has also considered how sponsorship arrangements should come about. Currently the Town awards sponsorship by application through an open funding round program, like other community funding programs. Sponsorship in the private sector often comes unsolicited and an open round system doesn't allow for the Town to take opportunities where commercial benefit is foreseeable. The

proposed policy seeks to address this by recognising instead, three different means of sponsorship being awarded.

- (a) Through the current open round system, where organisations apply in a competitive round;
- (b) Through an unsolicited offer, where an organisation seeks funding throughout the year or seeks to sponsor a Town activity; or
- (c) Through the Town actively seeking to sponsor an organisation.

11. Regardless of the way the sponsorship application is initiated, all sponsorship arrangements will be assessed against the criteria and have all risks considered by the sponsorship panel and are subject to approval by Council.
12. All sponsorship arrangements must have a written agreement which sets out:
 - (a) the Town's expectations of the sponsorship;
 - (b) that the Town can terminate the sponsorship for breaches of the agreement or actions by the other organisation that are contrary to the Town's values; and
 - (c) the requirement for the organisation to provide an acquittal of the funding provided by the Town or else be required to repay the funding, or be deemed ineligible for future sponsorship.
13. No sponsorship arrangement can provide more than one third of the total funding for delivery of an event or initiative. This is to ensure the organisation is not entirely reliant on the Town sponsorship alone, and that the event is genuinely funded.
14. All sponsorship arrangements must have an evaluation report prepared following the sponsorship arrangement concluding. This evaluation report will be considered as a part of any renewal of a sponsorship arrangement.

Subsequent policy amendments

15. As a result of the adoption of this policy it is recommended to repeal Policy 307 Sponsorship by private companies on Town property including events. The provisions of this policy are captured in the new policy. The current policy can be found at attachment 1.
16. It is also recommended to make amendments to Policy 114 Community Funding. These amendments remove the current references to sponsorship. The amendments are shown as tracked changes on attachment 2.

Relevant documents

[Policy 001 Policy management and development](#)

[Policy 024 Event attendance](#)