

External Funding Acceptance Policy

1. Purpose

- 1.1. This policy sets out the School's coordinated approach to external funding acceptance adhering to ethical considerations and managing reputational risk. All staff across departments, institutes, centres, divisions and all School units intending to bring in external philanthropic and research grant funding and income must follow this policy to ensure appropriate ethical and reputational risk assessment.
- 1.2. The policy is intended for the School community and external parties to provide assurance that all partners and donors are treated equitably.

2. Context

- 2.1. The London School of Economics and Political Science (LSE) holds the dual status of a company limited by guarantee under the Companies Act 1985 and an exempt charity under Schedule 3 of the Charities Act 2011. Members of the LSE Council, the governing body of the university, are charity trustees. In principle, trustees of a charity are expected to accept money given to that charity for purposes consistent with the charity's objects, but the trustees have the discretion to consider other factors relevant to the charity's best interests.
- 2.2. The LSE strongly welcomes external funding to supplement and augment its finances in support of achieving the goals and aspirations of our strategy LSE 2030. However, external funding must comply with ethical standards and should not pose unacceptable reputational risks to the School.
- 2.3. The School's Ethics Code provides a set of principles by which the whole LSE community are expected to act and to take into account when making decisions at all levels of the School. The Code includes legal and ethical requirements which are reflected in the funding acceptance criteria set out in section 4. All funding and external income acceptance must be conducted in line with the principles set out in the Ethics Code and the Ethics Code Guidance.

3. Definitions and scope

- 3.1. This policy applies to external funding received by LSE's Philanthropy and Global Engagement and Research Grants through Research and Innovation Division:
- a) **Philanthropic income:** A donation, or gift, is a voluntary transfer of money by an individual or organisation, made with philanthropic intent for the benefit of the institution. LSE actively seeks and can accept donations from the following sources in accordance with this policy. This includes donations from individuals, companies and charitable trusts in the UK and overseas, legacy bequests and grants and donations from overseas governments or their agencies and foundations including corporate engagement funding.
 - b) **Research:** A research grant or fellowship that has been subject to peer-review selection via an open and competitive process and qualifying as research via the Frascati definition. This shall apply to all external research grants, defined as those which are managed by the Research and Innovation Division and which are classified by the Division for HESA purposes as research or knowledge exchange. A small number of project grants are managed by the Research and Innovation Division but classified as service contracts and shall also be included.
- 3.2. No individual, centre, department or division should request funding from an individual, foundation, company, friends group or any other organisation without first conducting ethical checks or due diligence and seeking the correct level of approval to ensure the acceptance principles set out below are followed.

4. External Funding Acceptance Principles

- 4.1. LSE will not accept external funding where the source of funding may have been **illegally or unethically obtained** or had a close association with illegal or unethical activity and/or where acceptance may otherwise damage the reputation of LSE.
- 4.2. LSE will not accept external funding which would **compromise its independence**. Examples include but are not limited to:
- influence of the application of the School's selection criteria for admissions
 - influence of the academic record of any current or future students or have bearing on any dispute between a student and the School about the outcome of his/her programme of study
 - influence of the conferral of any academic or non-academic privilege, benefit or undue advantage upon any currently registered or future student
 - restrictions to LSE's academic freedom or its capacity to operate independently
 - unacceptable conflict of interests.
- 4.3. LSE will not accept external funding which is **counter to LSE's interests**. Examples include but are not limited to income that:
- Does not further or conflicts with the LSE's mission and/or values
 - Is too difficult or expensive to administer or could create unacceptable liability or future expense

- Fails to meet the requirements of the Equalities Act 2010
 - Violates the terms of this policy or other School policies or regulations approved by LSE's School Management Committee.
- 4.4. The School will encourage and advise that acceptable donations from **parents or known close relatives of students or current applicants** support unrestricted broad-purpose School funds such as campus redevelopment or scholarship and hardship support. LSE will not accept philanthropic donations from **registered students or known close relatives** (parents, spouses, legal partners, children, grandparents, step-parents and former or current legal guardians) of registered students under the following circumstances:
- Where the donation supports the Department, or an affiliated Department or Unit, within which the student is registered
 - Where any naming recognition is proposed, whilst the student is registered
 - Where accepting the donation would be harmful or detrimental to the student or reputation of the School
- 4.5. All contact with potential and existing donors will be deferred to post offer stage where:
- Any donor offers a donation in relation to an application.
 - The donor is known to be an applicant or close relative (defined at 4.5) of an applicant, during the time their application is being considered.
- 4.6. There may be occasions where an existing donor, who is fulfilling a prior gift commitment, has a child or relative apply to study at the School. Each case will be reviewed by PAGE with the Ethics Manager to determine the extent of the association with the existing commitment and whether or not the any further action is required in order to protect both the donor and the School.
- 4.7. Funding shall only be accepted if the identity of the funder is known. Funding will not generally be accepted if an intermediary negotiates a benefaction on behalf of the funder who requires complete anonymity. Whilst the School may agree that it will not publicly acknowledge the name of the funder, the identity of that funder must be explicitly known to the School in order to carry out the necessary due diligence.
- 4.8. Where a donor wishes to remain anonymous, such anonymity will be respected so far as is legally and practically possible.
- 4.9. Under the Freedom of Information Act 2000, the School has a statutory obligation to provide on request information that it holds. The School considers each request in full to ensure that any response also protects personal information held by the School.
- 4.10. External funding is accepted and held by LSE in accordance with its Financial Regulations, which are formulated and monitored by the Audit Committee of Council.
- 4.11. In considering the acceptance of any external funding, LSE will consider if the funding is compatible with the purposes and goals outlined in its Articles of Association, all relevant legislation and LSE policies and regulations. Key related policies are listed at the end of this document.
- 4.12. To preserve academic freedom and independence funders are not permitted to participate

in the selection or appointment to any position within LSE, paid or unpaid, including those to which they have donated or which are associated with projects which they have funded. Funders may sit on advisory board panels in accordance with the School's guidance on advisory boards.

- 4.13. The School's Naming Policy sets out the approval process for naming.
- 4.14. Where ethical issues are identified following the acceptance of funding relating to a current or past funder to the School, all details will be presented to the School Management Committee for consideration.

5. External Funding Acceptance Procedures

- 5.1. The acceptance of external funding in the scope of this policy must follow the External Funding Acceptance Procedures to ensure the appropriate level of ethical checks or due diligence is conducted, reviewed in accordance with the ethical review criteria (set out below) and approval is gained. Ethical review should be conducted prior to submitting proposals or before contract negotiations can proceed and approval must always be obtained prior to acceptance of funding by the School.

6. Risk criteria to be considered in due diligence

- 6.1. The following risk criteria will be considered in external funding due diligence within the scope of this policy. The level of risk of proposed funding will be determined by the research findings on the following issues or industries:

A Serious legal, ethical or reputational issues are found in relation to the sources of funding (funder/s), including but not limited to proven cases or allegations of:

- 1) Illegal conduct e.g. UK Bribery Act 2010, Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007.
- 2) Other financial misconduct e.g. tax evasion, insider trading, corruption
- 3) Human rights abuse e.g. child labour, human trafficking, poor working conditions
- 4) Sexual misconduct
- 5) Terrorism or political engagement with controversial, anti-democratic, corrupt or human-rights abusing regimes or sanctioned regimes
- 6) Sustainability impact and environmental damage e.g. deforestation, toxic waste

B Whilst not bound to the School's SRI Policy key exclusions will be taken into account in reviewing funding income weighing benefits and risks. Significant involvement in 'caution' industries (including but not limited to):

- 1) Arms dealing and manufacture, in particular controversial weapons/indiscriminate armaments;
- 2) Tobacco manufacture;
- 3) Thermal coal mining or Oil/Tar sands extraction;
- 4) Animal welfare/testing;
- 5) Pornography;
- 6) Gambling;

7. External Funding Acceptance Criteria

7.1. Those who consider funding proposals in the scope of this policy at all levels must keep the External Funding Acceptance Principles (section 4) in mind at all times and must additionally weigh the benefits and risk of each proposed funding. This should include any possibility that acceptance of the funding would be counter to the interests of the School or would involve an unacceptable risk of reputational damage to the School on account of any one or more of the following:

- 1) where the activities of a funder or the source of the funds are in **conflict with the objectives and agreed policies of the School** or its beneficiaries;
- 2) where **conditions imposed by a funder run counter to standard academic practice** or would impose on the School academic objectives contrary to those already agreed by the School;
- 3) where the offer of support would **compromise the independence of the School** and is dependent on the fulfilment of conditions placed upon the School which are perceived to be too onerous or counter to the School's objectives;
- 4) where acceptance would be **unlawful or otherwise counter to public interest**;
- 5) where a funder has had a **reputation compromised** in some way, and the behaviour which led to the funder's reputation being compromised has not clearly ceased or the reputation remains compromised;

Review schedule

Review interval	Next review due by	Next review start
3 years	October 2024	April 2024

Version history

Version	Date	Approved by	Notes
Donations Acceptance Policy			
1.0	2014	Council	First Draft
2.0	June 2016	Council	Final Policy
3.0	November 2016	Council	Amendment
4.0	October 2018	SMC	Amendment
4.0	February 2019	Ethics Committee	(Amendment
External Funding Acceptance Policy			
1.0	November 2021	EMB/SMC	Final Policy

Links

Reference
Acquisition and Management of Artworks Policy
The Ethics Code
The Ethics Code Guidance
Financial Regulations
External Funding Acceptance Procedures
External Funding Ethical Review Board
Policy Against Bribery and Fraud
Scheme of Delegated Legal Authority
Advisory Board Guidance
Naming Policy

Contacts

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Communications and Training

Will this document be publicised through Internal Communications?	Yes
Will training needs arise from this policy	Yes
If Yes, please give details: Divisional staff training on responsibilities in relation to the Policy School- wide training on main tenets of the Policy.	