

Will the Bribery Act see the end of Corporate Hospitality?

The Bribery Act came into effect on 1st July 2011, with penalties of 10 years imprisonment and an unlimited fine for those caught acting like a politician!

But is this a sledgehammer to crack a nut? Will it be another example of the law of unforeseen consequences? What are the ramifications for the meetings industry where entertainment and hospitality have long been regarded as a legitimate activity?

In the hospitality industry, entertaining potential clients, hosted dinners and overnight stays have played a key role in hooking clients who have a choice to make.

It is estimated that corporate hospitality is worth £1bn annually in the UK and certainly plays a big role in the profits of hotels, restaurants and caterers nationwide



But what constitutes a bribe?

Is a corporate lunch acceptable or would an extra or a better bottle of wine push the boundaries? What about room upgrades, or offering event bookers freebies? It is not unknown to invite spouses on Fam Trips to encourage more principals to attend without adversely affecting family time. Are these the 'unjustifiable add-ons' that imply bribery?

If a company makes a donation to a charity which subsequently books a venue, is this construed as an inducement or a bribe? Where does it all end or indeed start!

The Act stipulates "**Reasonable hospitality.... not aimed at influencing performance and decision making is outside the Act**". Surely the point of hospitality is to influence the decision to use your venue.



The authorities will consider "**the level of hospitality, the way in which it was provided and the level of influence of the recipient**". What's the point of providing free hospitality to those who have no influence? Surely we give a 'free trial' because we're trying to encourage decision makers to choose our venue instead of the competition.

The Act also states that giving a gift (is a free overnight and/or a meal a gift?) to a key decision

maker or influencer at an inappropriate time (such as in advance of a tender) may be caught by the Act. Surely it's a bit pointless giving hospitality after the decision to book a venue has been made!

Perhaps we should only offer free hospitality after the decision should it be in our favour. But then that's an inducement so would still fall foul of the new Act.

We are advised that there needs to be more careful consideration in relation to 'foreign officials'. Does that mean offering hospitality to representatives of overseas countries in light of 2012 Olympics likely to attract potential infringement of the Bribery Act?

And what about the implications for employers?

Companies are responsible for the actions of employees and agents. Businesses can do their utmost to ensure employees work within the law, but if a booker or agent has experienced 'hospitality' then books their client into your venue, is that bribery?

Ken Clarke stated businesses "should not be concerned about any increased costs resulting from the new legislation." On the other hand, we are advised that to ensure compliance companies need to implement new procedures, conduct risk assessments, train staff, update contracts and may even need to employ external consultants or 'ethical' officers. How can this possibly be construed as no additional cost, or are the authorities going to reimburse us for these extra costs when they do arise?



This is a potential minefield and I for one don't want to be the one who steps off the path! There are so many ill defined and grey areas (and no shortage of increased red tape and extra work). Let's hope that we in the hospitality industry don't lead the way by being the first victims in exemplary case law

Peter Darnell
Managing Director
Chartridge Conference Company