



# VTC

# CONFLICTS OF INTEREST POLICY

<b>Approved by:</b>	Headteacher / VTC Advisory Board	<b>Date:</b> September 2022
<b>Last reviewed on:</b>	September 2022	
<b>Next review due by:</b>	September 2023	

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Review date: September 2022  
Next Review Date: September 2023

*Attitude is  
Everything*



# CONFLICTS OF INTEREST POLICY

## Statement of Intent

This policy sets out the framework for ensuring that the decisions and decision-making processes at VTC School are, and are seen to be, free from personal bias and do not unfairly favour any individual or company connected with the school.

Members of the governing board and school staff have an obligation to act in the best interests of the school to avoid situations where there may be a potential conflict of interest.

Situations may arise where family interests or loyalties conflict with those of the school. Such interests may create problems as they can inhibit free discussions, result in decisions or actions that are not in the interests of the school, and risk the school's reputation. Governors have created this policy to:

- Ensure that every governor and staff member understand what constitutes a conflict of interest, and that they have a responsibility to identify and declare any conflicts that might arise.
- Record the conflict and the actions taken to ensure that the conflict does not affect the decision-making of the school.

## Legal Framework

This policy has due regard to all relevant legislation including, but not limited to, the following:

- Data Protection Act 2018
- UK General Data Protection Regulation
- The Charities Act 2011

This policy has due regard to all relevant guidance, including, but not limited to, the following:

- DfE (2020) 'Governance handbook'
- The Charity Commission (2014) 'Conflicts of Interest: a guide for charity trustees'
- The Charity Commission (2020) 'Managing conflicts of interest in a charity'

This policy operates in conjunction with the following school documents:

- Finance Policy
- Whistleblowing Policy
- Declared Conflicts of Interest Register
- Data Protection Policy

## Definitions

1. For the purpose of this policy, a person is defined as having a 'business or pecuniary interest' if they have a monetary or financially vested interest in a business or service, which could prevent the individual from acting in the school's best interests.
2. 'Conflicts of interest' are any situations where an individual's personal interests or loyalties could, or could be seen to, prevent the individual from making a decision in the best interests of the school. The most common types of conflict of interest can be separated into 'financial conflicts' and 'loyalty conflicts'.

3. Financial conflicts' are when an individual is connected to a person and/or organisation and could receive money or something else of value from the selection of their decision. Individuals' expenses, e.g. governor expenses, are not included in this definition.
4. 'Loyalty conflicts' are unrelated to money or individual benefits; rather, these conflicts are concerned with other reasons relating to an individual's loyalty or duty to another organisation which could impair their decision-making in consideration to their obligation to prioritise the school's best interest.
5. A 'connected person' broadly relates to an individual's family, relatives, or business partner.
6. The term 'significant shareholder' refers to any individual or relative of an individual holding more than 20 percent of the share capital or exercising more than 20 percent of the voting power in an organisation.
7. An 'interested party' is defined as a person who has a close relation to a person with a vested interest, e.g. a spouse.
8. 'At cost' refers to the cost of a good or service (not including contracts of employment), without profit.

## **Roles and Responsibilities**

The governing board is responsible for:

- Ensuring that governors and all members of staff, including volunteers, are aware of their responsibility to act in accordance with this policy at all times.
- Checking governors make declarations on an annual basis, and keep them up-to-date.
- Ensuring there are measures in place to manage and identify any conflicts of interest.
- Operating and making decisions in the best interests of the school.
- Independently and objectively making decisions about executive pay and benefits.
- Operating and making decisions in line with their charitable objectives, where applicable.

The chair of the governing board is responsible for:

- Ensuring that all members of the governing board are reminded to declare any conflicts of interest using the Declared Conflicts of Interest Register.
- Considering the risks associated with an individual who has declared a conflict of interest participating in any decision-making or voting
- Setting professional standards of governance and accountability for the board.

The clerk to the governing board is responsible for:

- Keeping an up-to-date record of declarations of interests for all governors, which is reviewed annually, published on the website, and can be accessed by relevant people
- Recording in meeting minutes any declarations or conflicts declared during meeting.

The headteacher is responsible for:

- Ensuring, that all members of staff are reminded, if appropriate, to declare any conflicts of interest, using the Declared Conflicts of Interest Register.
- Ensuring that any staff member who is responsible for proposing a course of action or handling the school's budget is aware that they must declare any conflict of interest.
- Deciding who else is considered an 'interested party', and ensuring they declare any conflicts of interest.

Staff, including volunteers, are responsible for:

- Declaring any conflicts of interest.
- Acting in accordance with this policy at all times.
- Following the school's Whistleblowing Policy where there are concerns that a conflict of interest has not been declared, and an individual might have subsequently benefitted.
- Reminding individuals in a decision making discussion to declare any vested interest in the subject.

## **Identifying conflicts of Interest**

1. All staff (including volunteers) must declare any vested interest in any decision making or budget spending.
2. All staff (including volunteers) must remain objective and act within the best interests of the school.
3. Members of the governing board must declare any conflicts of interest at an early stage and inform the relevant people.
4. Members of the governing board and members of staff must declare the following interests if they might impact on their contribution to school business:
  - Holding another public office
  - Being an employee, director, adviser or partner of another business or organisation
  - Pursuing business opportunities
  - Being a member of a club, society or association
  - Having a legal or professional obligation to someone else
  - Having a beneficial interest in a trust
  - Owning or occupying a piece of land
  - Owning shares or some other investment or asset
  - Having received a gift, hospitality or other benefit from someone/an organisation
  - Owing a debt to someone/an organisation
  - Holding or expressing strong political or personal views that may indicate prejudice or predetermination for or against a person or issue
  - Being a governor, associate member or trustee at any other educational establishment
  - Being a spouse, partner, relative or close friend of someone who has one of these interests
5. All interests and connections that could influence the school's reputation with the public must be declared.
6. If staff, including volunteers, have a relative whom they know to have a declarable interest, this information must be declared.
7. Only relevant interests need to be declared, e.g. the spouse of the owner of a catering service when the school is seeking a new catering company. Any interests that do not directly benefit individuals or their relatives do not need to be declared – for example, being a small shareholder in a large national company rather than a significant shareholder.

## **Identifying conflicts of Loyalty**

Conflicts of interest can arise, even if the individual does not gain any financial benefit, when their decision-making as a staff member or a member of the governing board could be influenced by their other interests.

1. Members of the governing board and staff must declare any interest that might conflict with their loyalty to:
  - Another organisation, such as their employer.

- A member of their family.
  - Another connected person or organisation.
  - Another governing board or committee of which they are a member.
  - The individual that appointed them to the governing board.
2. Members of the governing board must declare any conflicts of interest where their religious, political or personal views could interfere with their ability to make decisions in the best interests of the school.

## **The register of interests**

Each declaration of interest is to be recorded on the school's Declared Conflicts of Interest Register.

This register will allow all governors and relevant employees to identify any business, commercial, financial or personal interests they have.

Details of each interest are to be recorded on the register, including:

- The nature of the business and/or interest
- The name of the business and/or interest
- The date the interest began
- A brief description of duties or responsibilities
- The date of cessation of interest
- The date of entry onto the register
- Relevant material interests which occur through close family relationships between those individuals and employees.

The declaration register will be saved on the governance area of SharePoint, where it can be accessed by the headteacher and chair of the governing board, as well as inspected by Ofsted or anyone else who has a right to it to carry out their statutory duties.

The DPO will ensure that the registers are protected in accordance with the school's Data Protection Policy.

The governing board is responsible for deciding who has access to the registers.

If an individual has no interest to declare, they are to indicate this by stating 'nil' on their conflicts of interest form, before signing and dating the declaration.

If an individual is unsure whether a particular interest might be a conflict, they should declare it.

Any conflicting interests or relationships are to be described in sufficient detail to clarify under what circumstances an individual's position might be brought into question.

If a new interest becomes applicable during the school year, the individual concerned is to declare it.

The General Interests Register for governors will be published publicly on the school website.

## **Governing Board benefits**

1. Conflicts of interest can arise where there is a potential or measurable benefit to a member of the governing board, or to a person connected to a member.

2. Members of the governing board can only benefit from the school where there is an explicit authority in place in the school's governing document.
3. Governing board benefits include any payments or benefits to members, or a connected person, apart from their reasonable out-of-pocket expenses.
4. Benefits also include situations where a member of the governing board could receive property, loans, goods or services from the school.
5. Where there is a proposed sale or lease of land to a member of the governing board, or to a person or company closely connected with a member, this will require authorisation from the DfE before it is granted, even if the disposal is at full market value.

### **Declaring interests**

1. Wherever possible, the headteacher and chair of the governing board will make arrangements to avoid a conflict of interest arising.
2. The stipulations below apply to all members of the governing board, the headteacher and any others in attendance at meetings.
3. The governing board agenda will include a standard item at the beginning of each meeting, to declare any actual or potential conflicts of interest.
4. Declarations are to be made in writing, unless they are made at a meeting where official minutes are being taken.
5. If a member is unsure whether they are conflicted, they should declare the issue.
6. If a member is aware of an undeclared conflict of interest affecting another member, they are to notify the chair of governors.

### **Removing conflicts of interest**

1. The governing board will consider any conflict of interest declared, ensuring that any potential effect on decision-making is eliminated.
2. If an individual has declared an interest, they may be required to leave the room when the matter is being discussed, this is at the discretion of the Chair.
3. Where there is a conflict of loyalty and the affected member does not stand to gain any benefit, they should still declare the interest.
4. The rest of the governing board will decide on what level of participation in decisionmaking, if any, is acceptable on the part of the conflicted member.
5. The governing board will decide whether the affected member:
  - Can participate in the decision, after having registered and fully declared their interest.

- Can stay in the meetings where the decision is discussed and made, but not participate.
  - Must be withdrawn from the decision-making process.
6. When deciding which course of action to take, the governing board will:
- Make their decisions in the best interests of the school.
  - Protect the school's reputation and be aware of the impression that their actions and decisions may have on others.
  - Be able to demonstrate that they have made decisions in the best interests of the school, and independently of any competing interest.
  - Require the withdrawal of the affected member from any decisions where their other interest is relevant to a high-risk or controversial decision, or could significantly affect the member's decision-making.
  - Allow a member to participate where the existence of their other interest poses a low risk to decision-making in the school's interest, or is likely to have only an insignificant bearing on their approach to an issue.
  - Be aware that the presence of a conflicted member can affect trust between other members of the governing board, could inhibit free discussion, and might influence decision-making in some way.
7. If the governing board is discussing the appointment of a post, or making decisions that may lead to a staff vacancy, regarding a role for which a governor could apply, the member in question will be required to leave the discussion.
8. Members of the governing board who have declared an interest will not be able to vote or make decisions regarding that topic, including any financial activity connected to the matter, and will not be present when the vote is taken.
9. The clerk to the governing board will record in the minutes when an individual withdraws from a meeting.
10. In circumstances where participation is unavoidable, the chair of the governing board will consider the risks associated with the situation. The situation, including the outcome, will be recorded in the minutes.
11. The governing board will follow any legal or governing document requirements on how a conflict of interest must be handled, but may, in serious cases, decide that removing a conflict of interest itself is the most effective way of preventing it from affecting their decision-making.
12. Serious conflicts of interest include, but are not limited to, those which:
- Are so acute and extensive that the member is unable to make their decision in the best interests of the school and its students.
  - Are present in significant high-risk decisions of the board.
  - Mean that effective decision-making is regularly undermined or cannot be managed in accordance with the required or best practice approach.
  - Are associated with an inappropriate governing board benefit.
13. To remove a conflict of interest, the governing board will undertake appropriate action, including:
- Not pursuing the course of action.
  - Proceeding with the issue in a different way so that a conflict of interest does not arise.
  - Securing the resignation of the member affected by a conflict of interest.
  - Not making member appointments that would knowingly introduce a conflict of interest.

## **Records of proceedings**

At least, the following information will be recorded:

- The nature of the conflict
- Which members were affected
- Whether the conflicts of interest were declared in advance
- Whether anyone withdrew from the discussion
- How the trustees reached the decision made
- A description of what was disclosed and in what circumstances
- A cross-reference to an entry in the General Interests Register

## **Non-compliance**

1. Any member of the governing board who fails to reveal information to enable the governing board to fulfil its responsibilities might be in breach of the Governor Code of Conduct and, as a result, be bringing the governing board into disrepute.
2. The governing board will consider suspending a governor if they fail to declare information that brings the governing board's reputation into question.
3. Any member of staff found to be withholding information about a conflict of interest may be subject to disciplinary action in line with the Disciplinary Policy and Procedure.

## **Related party transactions**

1. The governors and staff will be even-handed in their relationship with related parties by ensuring:
  - Governors' compliance with their statutory duties to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements.
  - A register of interest has been completed by the clerk to the governing board.
  - No member of the governing board or school staff uses their connections to the school for personal gain.
  - All payments are permitted by the articles of association or by authority from the Charity Commission.
  - Any payment provided to a person satisfies the 'at cost' requirement.
2. The following information is needed about the related party transaction:
  - A short description of the goods or services
  - Details of the proposed cost
  - The start and end date of any contract or agreement
3. When seeking approval for a related party transaction, evidence including the following is required:
  - How the school agreed to the related party transaction
  - That the school followed its Tendering and Procurement Policy
  - That the school tested the market before making a decision
  - How the school managed any conflicts of interest
  - A copy of the agreement and proposed contract
4. The board of governors will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the seven principles of public life.



5. The chair of the governing board and Head of Finance will ensure their capacity to control and influence does not conflict with requirements.
  
6. The governors recognise that some relationships with related parties may attract greater public scrutiny, such as:
  - Transactions with individuals in a position of control and influence, including the chair of the board and the Headteacher
  - Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors
  - Relationships with external auditors beyond their duty to deliver a statutory audit
  
7. The school will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.
  
8. The school's register of interests will include business and pecuniary interests, including:
  - Directorships, partnerships and employments with businesses.
  - Trusteeships and governorships at other educational institutions and charities.
  - For each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.
  - Any other interests deemed relevant by the board of governors.
  
9. The register of interests will identify any relevant material interests from close family relationships between the trust's members, trustees and governors. It will also identify relevant materials arising from close family relationships between those individuals and employees.

### **Monitoring and review**

- This policy will be reviewed on an annual basis, or when new legislation or guidance regarding the subject is published and requires the approval of the full governing board.
- Any staff member or member of the governing board who fails to declare an interest and is found to be in conflict with their decision-making will be required to explain the reasons for their omission to the rest of the governing board.
- The governing board will review the Declared Conflicts of Interest Register on an annual basis, or when circumstances have changed.

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| <ul style="list-style-type: none"><li>• The Governing Board approved this policy on date: 30/09/2022</li><li>• Signed: Malcolm Chalk, Chair of Advisors</li><li>• Signed: Sean Campbell, Headteacher</li></ul> |
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