

Bridge School Malvern



Approved by Governors	Oct 2021
Reviewed:	Nov 2021
Next review due by:	Nov 2022

Conflict of Interest Policy

The School is required to comply with the Charity Commission guidance with regard to conflicts of interest and related party transactions. This requires that no Governor, employee or related individual or organisation uses their connection to the School for personal gain.

Definitions

A conflict of interest is any situation in which loyalties could - or could be seen to - prevent a decision being made only in the best interests of the school.

Senior leaders – Governors and senior staff

Senior Staff - the head teacher, CEO and deputy head teacher (**SLT**).

Conflicts of interest include those arising where:

- a senior leader, or a person connected with a senior leader, has a personal financial interest in a transaction with the charity - the interest may be direct or indirect
- a senior leader, or a person connected with a senior leader, has a conflict of duty/loyalty
- there is even the possibility that a senior leader's personal interests or duties/loyalties could affect his or her decision making

Conflicts of loyalty - this is where a senior leader has a competing legal obligation or duty to another organisation or person or resulting from conflicting loyalties towards family, friends or other people or organisations. A conflict of loyalty could also arise where the religious, political or personal views of a Governor could interfere with the ability of the Governor to decide the issue only in the best interests of the school.

Legal Requirements

For governors (and overarching principle for employees) as described in the proposed CIO articles: -

A charity trustee must:

- (1) declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the CIO or in any transaction or arrangement entered into by the CIO which has not previously been declared; and
- (2) absent himself or herself from any discussions of the charity trustees in which it is possible that a conflict of interest will arise between his or her duty to act solely in the interests of the CIO and any personal interest (including but not limited to any financial interest).

Implementation

In order to fulfil the legal obligations of the School, the senior leaders will:

1. Identify conflicts of interest. It is a legal requirement that governors and staff have an individual personal responsibility to declare conflicts of interest which may affect them. All senior leaders will therefore be required to complete a declaration of interests return on an annual basis. This return should record:

- All business interests of any significance.
- Offices or posts held with other organisations
- Interests of close relatives where there may be any possibility that the school has dealings with that person/organisation

In addition, there will be an agenda item at all meetings of the governing body to allow declarations of interest to be made.

If a senior leader is uncertain whether or not he or she is conflicted, he or she should err on the side of openness, declaring the issue and/or discussing it with the chair or clerk.

Senior leaders and others who make financial decisions or are involved in financial or purchasing decisions on a regular basis must ensure any conflict is identified and declared immediately.

If any employee perceives there may be a potential conflict of interest in making a decision, but is uncertain as to the correct course of action, he/she should initially speak to the Headteacher or CEO. Please see Annex A for advice to employees

If a Governor or employee is aware of an undeclared conflict of interest affecting another Governor or employee, they should notify the Chair, clerk or Headteacher

2. Prevent the conflict of interest from affecting the decisions senior leaders must make, ensuring their decisions are made only in the best interests of the school. This means that they must consider the issue of the conflict of interest so that any potential effect on decision making is eliminated. How they do this will depend on the circumstances.

Senior leaders are required to declare any interest at an early stage and, in most cases, it will be sufficient for them to withdraw from the relevant meetings, discussions, decision making process and votes.

In cases of more serious conflicts of interest it may mean the senior leaders deciding to remove the conflict by:

- not pursuing a course of action or
- proceeding with the issue in a different way so that a conflict of interest does not arise or even:
- not appointing a particular Governor/employee.

3. Record conflicts of interest. Declared interests will be recorded in a register and updated annually. If interests change, the School should be advised (via the CEO/clerk).

Any conflict of interest which arises in the course of business must be declared at the relevant meeting and will be recorded (normally in minutes).

4. Disclose - we are under a legal requirement to declare details of any payments and other benefits to senior leaders or connected persons (excluding salaries and other remuneration benefits). This includes family members and businesses and disclosures will be identified to auditors and recorded in the annual accounts/report.

General Guidance

a) The charity commission expects individual staff to be able to identify any conflicts of interest at an early stage. The law says that each individual must avoid putting themselves in a position where their duty to act only in the best interests of the charity could conflict with any personal interest they may have. In practice this means that:

- individuals who fail to identify and declare any conflicts of interest will fail to comply with their personal legal responsibility to avoid conflicts of interest and act only in the best interests of the school
- the governing body/SLT must ensure that any conflicts of interest do not prevent them from making a decision only in the best interests of the charity.

The early identification of conflicts of interest is key to ensuring that Governors/SLT act only in the best interests of the charity

- a conflict of interest exists even where there is the possibility that a person's personal or wider interests could influence decision making
- even the perception that there is a conflict of interest can damage the school. Where the perception is not accurate because there is no conflict of interest, the Governors/SLT should always be able to respond appropriately to the situation by managing the risks and being prepared to explain how they have made their decisions only in the best interests of the school.
- Conflicts of interest may relate to a Governor's or employee's personal

interests and the interests of those connected to them. This means that there is a conflict of interest where there is a proposed transaction or agreement between the School and a connected person or a benefit or a potential benefit to a connected person

- The Charity Commission encourages Governors to make the operation of the charity as transparent as possible and therefore this policy is made available on the School website, together with details of interests declared.
- The Governing body will consider conflicts of interest as a pre-appointment issue. Prospective Governors will be asked about potential conflicts of interest, and these will be declared to other Governors prior to appointment. Where prospective Governors members are likely to be subject to serious or frequent conflicts of interest, the Governors will seriously consider whether that Governor should be appointed.

Conflicts may arise where:

- there is a potential financial or measurable benefit directly to a Governor/employee, or indirectly through a connected person; or
- there is personal gain including benefits or terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- a Governor/SLT member's duty to the charity may compete with a duty or loyalty they owe to another organisation or person

b) Benefits to Governors

Governors can only benefit from their charity where there is an explicit authority in place before any decision is made. Examples of benefits to Governors are where the Governors decide to

- Pay a Governor for carrying out their Governor role
- Pay a Governor for carrying out a separate paid post within the charity, even if that Governor has recently resigned as a Governor
- Pay a Governor for carrying out a separate paid post as a director or employee of the charity's subsidiary trading company
- Pay a Governor, or a person or company closely connected to a Governor, for providing a service to the charity. This covers anything that would be regarded as a service ad includes legal, accountancy or consultancy services through to painting or decorating the charity's premises, or any other maintenance work
- Employ a Governor's spouse or other close relative at the School (or at a subsidiary trading company)
- Allow a Governor/employee or their relative special privileges
- Make exceptions to normal policy for a Governor/employee or their families

In all the above examples, a Governor or employee with a conflict of interest must withdraw from the decision-making process.

In addition, Governors must not use information obtained at the charity for their own

benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

c) Conflicts of loyalty

The test is always to examine motivation and identify whether there is a conflict of interest where the other interest could (or could be seen to) interfere with the senior manager's ability to decide the issue only in the best interests of the school.

Deciding that a conflict of interest is low risk, and that the affected Governor/SLT member can participate in the decision, is a judgement for the Governors. It will depend on the particular decision and relevant circumstances. The Governors must take all relevant factors into account and be ready to explain their approach if asked.

Where there is a conflict of loyalty and the affected Governor does not stand to gain any benefit:

- the affected Governor should declare the interest. The other Governors must then decide what level of participation, if any, is acceptable on the part of the
- conflicted Governor. Ultimately it is for the Governors to decide whether withdrawal is in the best interests of the School when this type of conflict has been declared. The options might include deciding whether the Governor:
 - can participate in the decision
 - can stay in the meetings where the decision is discussed and made but not participate
 - must withdraw from the decision-making process completely

The Governors can, before their discussion, ask a Governor who is withdrawing to provide any information necessary to help make a decision.

d) Any conflicts of interest will be documented, usually in the minutes of meetings. Where there is a conflict of interest, the Governors will ensure that the written record of the decision shows:

- the nature of the conflict
 - which Governors were affected
 - whether any conflicts of interest were declared in advance
 - an outline of the discussion
 - whether anyone withdrew from the discussion and where relevant:
 - how the Governors took the decision in the best interests of the school.
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e) Annual review - All senior leaders to familiarize themselves with this policy annually and confirm this to the clerk of the Governors.

Annex A

For all other employees who are not senior leaders

A conflict of interest arises where:

- an employee, or a person connected with an employee has a personal financial interest in a transaction with the Bridge school - the interest may be direct or indirect
- an employee, or a person connected with an employee, has a conflict of duty or loyalty
- there is even the possibility that an employee's personal interests or duties/loyalties could affect his or her decision making

An employee therefore must:

- declare to the Head (Sue) or CEO (Neil) the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Bridge or in any transaction or arrangement entered into by the Bridge School which has not previously been declared; and
- absent himself or herself from any discussions in which it is possible that a conflict of interest will arise between his or her duty to act solely in the interests of the Bridge school and any personal interest (including but not limited to any financial interest).