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1. Aim

- 1.1. The aim of this policy is to protect both the college, the Governors and senior officers from any appearance of impropriety. In line with the ESFA's College Financial Handbook (section 2.58), the Board must have a conflicts of interest policy, with systems in place to record and manage any such conflicts. This policy must be kept under regular review and the Board must ensure that governors and senior staff complete the register of interests in accordance with sections 2.47 to 2.50 of College's Financial Handbook. The register must be reviewed at least annually.

2. Who this Policy Applies To

- 2.1. This policy applies to all governors ("the Governors") and members of the senior leadership team ("senior officers") of Shrewsbury Colleges Group ("the College") and should be read in conjunction with the college's Financial Regulations, Financial Procedures, Policy on Receiving Gifts & Hospitality and with the College's Financial Handbook sections 2.42 to 2.51.

3. Introduction

- 3.1. Governors, as charity trustees, have the legal obligation to act in the best interest of the college and in accordance with the college's Instrument and Articles of Government. The Instrument and Articles of Government (Instrument 9) require members not to hold, directly or through business or family association, interest in matters relating to the Governing Body or the college. This applies in particular to the supply of goods and services or any contractual arrangement, actual or proposed, involving the college. Governors must also
 - 3.1.1. comply with their duties as charity trustees to avoid, or appropriately manage, any conflicts of interest, so that they act only in the best interests of the college, rather than in their personal or private interest.
 - 3.1.2. not accept benefits from third parties and declare any interest in proposed transactions or arrangements
 - 3.1.3. ensure that they, or party related to a governor, receives payment for goods or services provided to the college except as provided for by section 185 of the Charities Act 2011.
 - 3.1.4. Ensure that there are no payments or other personal benefits made to governors, or anyone closely related to them, by the college, other than reasonable out-of-pocket expenses, unless approved in advance by the Charity Commission, and any such payments comply with any relevant agreement with the Secretary of State for Education – colleges will need to consider these obligations where payments are made to other business entities that employ, or are owned by, the governor (or someone closely connected with them), or in which the governor (or someone closely connected with them) holds a controlling interest.

4. Conflicts of Interest

- 4.1. A conflict of interest is a situation where the personal interests or loyalties of an individual governor or trustee, or senior college staff member, could influence or affect their decision making. It need not result in a financial benefit being gained by the individual. A Governor must not put themselves in a position where personal interests conflict, or appear to conflict, with the interests of the college. Governors should guard against any situation where they could be perceived to be awarding benefits to themselves, including the award of contracts between the corporation and connected parties. Examples of the common types of conflicts of interests are set out in Appendix 1.
- 4.2. Such conflicts could potentially:
- 4.2.1. inhibit free discussion;
 - 4.2.2. result in decisions or actions that are not in the interest of the college;
 - 4.2.3. risk the college's reputation if it is perceived that the Governors acted improperly;
 - 4.2.4. leave decisions made by the Governors open to challenge; and
 - 4.2.5. place a Governor in a position where they may potentially be in breach of trust.
- 4.3. In a worst-case scenario this could lead to a Governor being held personally liable for any loss caused to the college as a result of their breach.

Management of conflicts

- 4.4. Governors are required to declare any interest they have in the business of a meeting. A Governor is not required to declare an interest in a matter in the following circumstances:
- 4.4.1. if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - 4.4.2. if, or to the extent that, the non-conflicted Governors are already aware, or ought to be aware, of the interest.
- 4.5. In all other circumstances, if a Governor believes that they have a conflict of interest or that a conflict of interest is reasonably likely to arise, then they must:
- 4.5.1. declare the interest, before the meeting, at the outset of the meeting or at the earliest opportunity when the Governor is aware that a conflict, or potential conflict, has arisen;
 - 4.5.2. if asked to do so by the Chair, withdraw from the meeting whilst the non-conflicted Governors decide how the conflict should be managed; and
 - 4.5.3. withdraw from part of the meeting where the conflict issue is discussed and not vote or count towards the quorum in making a decision relating to the conflict.
- 4.6. A Governor may be expressly invited by the non-conflicted Governors to remain at the part of the meeting to which they are conflicted to provide information. The Governor will not be counted in the quorum for that part of the meeting and must withdraw from the meeting during any vote on the conflicted item.

- 4.7. If a Governor fails to declare an interest that is known to the Clerk and/or the Chair, the Clerk or the Chair will declare that interest. If other Governors are aware of a potential conflict, they will bring this to the attention of the Chair.
- 4.8. If the Governors have to decide on a question in which a Governor or Governors has a conflict, decisions will be made by a vote requiring a simple majority. A quorum must be present for the discussion and the decision; interested parties will not be counted when deciding whether the meeting is quorate. Interested Governors may not vote on matters affecting their own interests.
- 4.9. Conflicts of Interest may be authorised by any of the following:
 - 4.9.1. a provision of the College's Instrument and Articles of Government;
 - 4.9.2. the Charity Commission;
 - 4.9.3. the court; and
 - 4.9.4. a specific statutory provision (e.g. section 185 Charities Act 2011, permitting the provision of services and goods by a trustee to a charity).
- 4.10. The Charity Commission guidance on conflicts of interest provides that a conflict may be authorised where there is no personal direct or indirect benefit to a Governor (i.e. in conflict of loyalty situations). In conflicts of loyalty situations, the College Commission advises that where it is in the best interests of the College to authorise a conflict and where the conflict in question poses a low risk to the College, a Governor may be authorised by the non-conflicted Governors to take part in discussions relating to the conflict and participate in the decision-making process. If the Governors decide to authorise a conflict, they must have regard to the College Commission's latest guidance.
- 4.11. All decisions under a conflict of interest will be reported in the minutes of the meeting. The report will record:
 - 4.11.1. the nature and extent of the conflict;
 - 4.11.2. which Governor or Governors were affected;
 - 4.11.3. whether any conflicts of interest were declared in advance or during the course of the meeting;
 - 4.11.4. whether anyone withdrew from the discussion; and
 - 4.11.5. the actions taken by the Governors to manage the conflict and details of how the governors took the decision in the best interests of the college.

5. Register of Interests

- 5.1. To help Governors identify potential conflicts of interest, the Clerk will maintain a register of interests that will be updated at least annually. The information provided in the Register of Interests will be processed in accordance with data protection principles as set out in the Data Protection Act 1998 and the General Data Protection Regulation 2018 (as amended). Data will be processed only to ensure that Governors act in the best interests of the college. The information provided will not be used for any other purpose.

5.2. The Board must disclose details in its financial statements of any transactions with organisations or individuals where there is a close connection to the Corporation or Governors (known as related party transactions).

6. Review

This Policy will be reviewed not less than three years from the date of its approval by the Board.

7. Equality and Diversity Policy of the College

This Policy has been subject to an Equality and Diversity Impact Assessment. All individuals will be treated equally and fairly in the application of this Policy. All reasonable requests to accommodate requirements in terms race, age and disability will be accommodated, as long as it is practicable to do so.

All persons using this Policy will ensure that Governors, or anyone else to whom the Policy applies, with protected characteristics are not disadvantaged for any reason (e.g. learning difficulty or disability).

Policy Effectiveness Assessment

Statement	Answer	Notes
Does the Policy?		
Remain compliant with current legislation and good practice?	Yes	I&A ESFA College Financial Handbook Colleges Financial Handbook
Continue to effectively support the Corporation's governance and objectives?	Yes	The good management of conflicts of interest is key evidence of a college with good management systems in place.
Impact		
How the Policy has impacted on the governance practices of the Corporation – has anything <i>changed</i> as a result of the Policy	Yes	Governors and senior officers complete an amended Declaration of Interest annually.
How the Policy has impacted on the Governance KPIs;	KPI 10 - Governors and senior officers complete a Declaration of Interest annually. 100% compliance.	

Appendix 1 - Common types of conflict of interest

Conflicts of interest typically fall into four main types:

1. Direct financial interests – where a Governor obtains a direct financial interest, for example:
 - a. except for the Principal/CEO and Staff Governors, the payment of a salary to a Governor by the College
 - b. the award by contract to a company with which a Governor owns or is employed by (note that the Charities Act 2011 provides a statutory framework for the provision of services by a charity trustee to a charity which must be considered if such a situation arises);
 - c. the sale of property at below market value to a Governor.
2. Indirect financial interest – where a person connected to a Governor (e.g. a relative of a Governor, see definition of “connected person” in Appendix 2) benefits from the college, for example:
 - a. the award of an employment contract to a family member of a Governor which is made after a Governor is appointed to Corporation;
 - b. the award of a grant to a dependent/child.
3. Non-financial or personal conflicts – when Governors receive no financial benefit, but are influenced by external factors, for example:
 - a. influencing decisions in relation to its service provision to their own advantage;
 - b. to gain some other intangible benefit, for example in boosting a Governor’s personal status;
 - c. awarding contracts to friends who are not strictly “Connected Persons”.
4. Conflict of loyalty – Governors may have competing loyalties between the college, to which they owe a primary duty when acting as a Governor, and some other person or organisation, for example:
 - a. a Governor might be a trustee of another charitable organisation which is involved in an arrangement with the college;
 - b. a Governor is a trustee of two charitable/educational organisations competing for the same contract.

Appendix 2 – Connected Persons

1. Under the Charities Act 2011, s.188, a person is connected with a trustee if they are:
 - I. A child, parent, grandchild, grandparent, brother or sister of the trustee;
 - II. The spouse or civil partner of the trustee or any person falling under paragraph (a);
 - III. A person carrying on business in partnership with the trustee or with any person falling within paragraph (a) or (b).

2. Under the Companies Act 2006, s. 252, a person is deemed to be connected with a director of a company if they are members of the director's family (spouse or civil partner; any person with whom the director lives as a partner in an enduring family relationship; a child or step-child of the director or the director's partner under the age of 18 and living with the director; or the director's [parents]).

3. Both pieces of legislation include as connected institutions and bodies corporate in which the trustee or director and/or persons connected to them hold substantial interest (not specified in the Charities Act but set out in the Companies Act as 20% of the equity share capital or control of more than 20% of the voting power exercisable at a general meeting).