

## Policy on Governing Body Interests

### 1. Policy Statement

**1.1 The governing body avoids actual and potential conflicts of interest where possible. The governing body acts honestly, ethically and transparently, and declares both actual and perceived interests and takes appropriate action to manage any conflict.**

1.2 This policy also extends to Nominated Members<sup>1</sup> who are members of governor committees.

### 2. Enhanced duty for governors as trustees

2.1 As the University is an exempt charity, governors act as trustees and have a legal duty to act in the University's best interests when making decisions. A governor may be unable to comply with their trustee duties where they have a personal or other interest in a matter which requires them to make a decision. Such interests may occur for example, if a governor may benefit financially or otherwise from the University directly or indirectly, or if a governor's duty or loyalty to another person or organisation competes with their duty as a governor.

2.2 The University's Financial Regulations dated 6<sup>th</sup> February 1989 require Governors to disclose any interests:

*"18.2 ...any member of the Board of Governors who has a pecuniary, family or other personal interest, direct or indirect, in any contract, or proposed contract, entered into on behalf of the Corporation shall declare this interest to the Clerk to the Board of Governors who shall maintain a register for the purpose."*

2.3 "Family" includes:

- Spouse or partner
- Siblings, including step-siblings
- Spouses or partners of step-siblings
- Children, including step-children
- Parents, including step-parents and
- Grandparents, grandchildren cousins, aunts and uncles

2.4 Governors who fail to declare interests may risk having decisions overturned, and may be removed from the Board.

### 3 How an interest might cause a conflict

3.1 A governor's interest may cause a conflict if the situation is one that:

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<sup>1</sup> A Nominated Member is not a governor but is co-opted to membership of a governor committee due to their professional skills and expertise.

- (a) prevents, may prevent, or may give a perception that it prevents an individual's ability to make an unbiased decision in the performance of their duties as a governor;
- (b) where an individual promotes or pursues, or may be perceived as promoting or pursuing, their own interests ahead of those of the University;
- (c) where an individual uses, or may be perceived as using their position with the University, University resources, the University's name or reputation, for personal gain or purposes which are not in the interests of the University or which may damage the University's reputation;
- (d) where an individual's professional position means the individual cannot act in certain circumstances.

3.2 A conflict of interest can be both perceived or actual. Its existence does not necessarily arise due to unethical or unlawful behaviour, it may just be a coming together of circumstances.

**For example:**

- A governor participates in a decision at a committee but fails to declare that his company has tendered for the service in question;
- A staff governor participates in discussions at a board meeting regarding pay and conditions of staff; which she directly benefits from;
- A governor is asked to undertake a paid piece of work by the University;
- A governor participates in a discussion at a meeting which identifies a new opportunity. The governor then takes the opportunity for personal gain which should have been an opportunity for the University.

3.4 The important matter is not how the conflict arose, but what impact this conflict may have or be perceived to have.

3.5. It is essential that actual or potential conflicts of interest are brought to the attention of the Clerk to the Board and Chair of Board/Committee (as appropriate) so that a determination can be made as to what action should be taken to manage the conflict or if appropriate, avoid the conflict.

#### **4. How to disclose a conflict**

4.1 Governors must declare an interest as soon as they become aware of any possibility that their personal or wider interests could influence their decision-making.

4.2 The governing body manages declaration of interests in two ways:

- (a) Standing item on each committee's agenda asking governors to declare any interest in any business on the agenda;
- (b) Completion of an annual declaration of interest return. This is also a HEFCE requirement.

4.3 Governors must not do any work, enter into any transaction or do anything else that may be affected by the interest unless approval has been given by the Clerk to the Board and Chair of the Board/Committee and where necessary, suitable mitigations have been put in place.

## **5. How might the interest be managed?**

5.1 Action can be taken to manage an interest. This matter will be considered by the Chair of the Board/Committee and Clerk to the Board. They will make an assessment of the risk the interest presents and advise accordingly. The following courses of action may be decided:

- **Avoidance:** the interest, perceived or actual, could be avoided, for example the individual resigns from a particular committee;
- **Disclosure:** disclosing the conflict to all parties involved and being transparent may allow the issue to go ahead.
- **Stepping back:** stepping back may be appropriate, for example, the governor leaves the meeting when the item is discussed
- **Refusal:** in some circumstances refusing to act may avoid the conflict, for example, a governor may be asked to join the board of another University.

This list is non-exhaustive and it may be possible to combine a number of the above actions to appropriately manage an interest.

## **6. Staff and Student Governors**

6.1 Staff and student governors do not necessarily have a conflict due to their employment or course of study at the University. Such governors are recruited from these constituencies by direction of the Instrument of Government.

6.2 There may however, be certain items of business which may cause a conflict to staff and student governors. The Instrument of Government<sup>2</sup> directs that governors who stand to benefit from a matter cannot influence the board's decision relating to that benefit. This may, for example, concern matters relating to the terms and conditions of employment for staff. In these circumstances the Clerk to the Board will, in conjunction with the Chair of the Board/Committee, make an assessment of the interest. In circumstances where it is determined that the interest prevents staff and student governors from participating in items for discussion, the Clerk will notify such governors in advance and the reasons for this.

6.3 Each interest/item will be considered by the Clerk to the Board and Chair of the Board/Committee on a case-by-case basis.

## **7. Payments to Governors**

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<sup>2</sup> Section 7(5), paragraph 12

### **(a) Expenses**

7.1 Governors are not remunerated for their role on the governing body.

7.2 Expenses may be claimed for reasonable costs that allow governors to carry out their duties.

7.3 Expense claims must be supported by bills or receipts. Expenses may be claimed for the following in connection with the execution of governor duties:

- Mileage claims: the University's standard mileage claim rate will be used for payments
- Postage and telephone calls
- Hotel accommodation/travel expenses

7.4 Travel for training courses and events outside of the University will ordinarily be booked by the University using the University's procured travel provider.

7.5 Expenses which are excessive and/or which do not relate to governor activities will not be paid.

7.6 The total amount of annual expenses paid to governors will be published in the University's annual financial statements.

### **(b) Payment for services other than as a governor**

7.7 Governors must not put themselves in a position where their personal interests conflict with their duty to act in the interests of the University. Additionally, governors are required to adhere to the Seven Standards of Public Life.

7.8 Under charity law, in limited circumstances the University can pay a governor for the supply of any service over and above their normal governor duties. Such a service may be, for example:

- Delivery of a lecture
- Undertaking a piece of research work
- Providing professional advice on a matter within the governor's professional area of expertise

7.9 Should a governor be approached to undertake any paid work for the University or its subsidiary companies, they must contact the Clerk to the Board in the first instance **before** accepting a contract or delivering a service. The Clerk will discuss this with the Chair.

7.10 The University will maintain a register of payments to governors for services. Any pattern of repeated requests will be identified by the Clerk and brought to the attention of the Chair of the governing body.

7.11 Section 7.7 to 7.10 of this policy does not apply to staff governors (including the Vice-Chancellor) and student governors for the execution of their duties under their employment contract as their working relationship to the University and Board is already recognised.

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<b>Review Date:</b>	V1: June 2018		Policy replaces Conflict of Interest Policy (2012) and Declaration of Interests Policy (2012) See also the Policy on Staff Interests (related)