

1.3 Business Interests – Declaration and Register

Introduction

It is important that the governors and staff not only act impartially, but are also seen to act impartially. The governing body and school staff have a responsibility to avoid any conflict between their business and personal interests and affairs and the interests of the school.

The Nolan Committee report on standards in public life applicable to local public spending bodies including schools identified seven principles, which should be applied in public life. These are – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

One means of demonstrating impartiality and good practice is for all meetings of the Governing Body, the Finance Committee and other committees as relevant is to have a standing item on the agenda “Declaration of pecuniary interest” for every meeting. This would contribute to the school meeting the Schools Financial Value Standard (Question 5) by which a school may demonstrate that it is applying the seven principles.

A further example and requirement is the maintenance of a Register of Business Interests.

Scheme Requirement

Section 2.14 of The Scheme for Financing Schools sets out the following requirement –

“The Governing Body of each school must establish a register, which lists for each member of the Governing Body, the headteacher and any member of staff who is authorised to enter into a contract on behalf of the school, any business interests they or any member of their immediate family have.

The register must be kept up to date with notification of changes and through an annual review of entries. It must be available for inspection by governors, staff and parents, during normal school hours and at Governing Body meetings.”

Interpretation of Requirement

Business interests are matters such as directorships, share holdings and other appointments of influence within a business or other organisation. Governors and staff need only declare such interests that are relevant to maintain public confidence and may take into account the following in considering this –

A: whether the business/organisation may have dealings with the school,

B: the materiality of the interest – the interest need only be declared if it is significant in terms of the holdings involved and the value of the school's likely business to the company concerned. For example a £1000 shareholding in BT is not considered material but a half share in a local small decorating business may be.

The disclosures should include relevant business interests of relatives and other individuals who may exert influence. For this purpose "any member of their immediate family" includes spouse, sons and daughters, brothers, sisters (and other persons) where they are living in the same household.

It may also include parents and relationships through marriage such as son in law, daughter in law, sister/brother in law, where there is a potential for conflict of interest. In considering whether the business interests of relatives and others are relevant governors and staff may take into account the following.
and b) above.

C: knowledge of the business interest of relatives and other with whom governors/staff have a relationship – members of the governing body and staff are not expected to enquire as to the business interests of relatives and others, but would be reasonably expected to have knowledge of significant business interests in the local economy.

Where a governor is in doubt as to whether an interest need be declared he or she should seek a ruling from the Chair of Governors (or if s/he is the Chair, from the Schools Finance Services Manager on behalf of the LA).

Compilation and Maintenance of the Register

Schools should ensure the register is up to date and complete, includes all governors and relevant staff and in this regard signed and dated. Nil returns are required and should be included. There should be an annual review process with completed forms kept on file and a verbal confirmation at the beginning of each committee meeting.

A proforma Register of Business Interests is included at [Appendix 1](#). This should be copied and used in the compilation of the register.