

Part D

Keeping a Register of Financial Interests

1. *Introduction*

- 1.1. Everyone who is involved in spending public money must be able to demonstrate that they do not benefit from the decisions that they make. People should not take part in decisions from which they could benefit. For example, school Governors should declare interests that they have in businesses from whom the school could buy goods or services. There may be disciplinary action or prosecution if decisions are taken which benefit the people who take them.
- 1.2. The Governing Body of each school must take appropriate steps to prevent these problems. One key step is that Governing Bodies must set up and maintain a register of financial interests and must ensure that decisions are not taken by people who will benefit from them directly or indirectly. The register will allow interests to be declared and it can be checked if there are concerns; or if there is an investigation into decisions that have been made.
- 1.3. A register is required by:
- a) Section 2.14 Register of business interests of Scheme for Financing Schools requires that a register should be kept of the business interests of governors, the Headteacher and other staff involved in financial management, as evidence that private or personal interests do not influence decisions taken in the school.

- b) Financial Regulation 17.2, which reads as follows:

“No governor or member of the school staff may authorise the purchase of goods or services from themselves, their relatives or any organisation in which they have an interest.

Neither may they authorise for payment vouchers relating to expenditure incurred or services supplied by them, their relatives or an organisation in which they have an interest.

A register in which all such interests shall be recorded must be maintained at the school.

An interest is defined as one in which the individual stands to gain direct or indirect benefit or reward from a transaction made with the school, e.g. ownership or interest in local businesses or where members of their family are either working at or attending the school.”

1.4 Governors should:

- Resist any temptation or outside pressure to use the position of governor to benefit himself or herself or other individuals or agencies;
- I) Declare openly and immediately any personal conflict of interest arising from a matter before the governors or from any other aspect of governorship. (Complete a Declaration of Interest annually);”

1.5 This guidance continues by considering a series of questions about this issue.

2. *Guidance for Headteachers & School Governors*

2.1. Who must sign the register of financial interests?

Anyone who has the power to make a financial decision involving public money for the school should complete and sign the register declaring their financial interests.

2.2. What if decisions are delegated?

Many purchasing decisions at schools are delegated to the Headteacher or other members of staff, by the Governors.

Any members of staff who have delegated powers to make purchases or financial decisions must declare their financial interests in the register.

2.3. What if partners or relatives may benefit?

If partners or close relatives of any of the Governors, the Headteacher or members of staff involved in financial decisions may benefit from the decisions, this must be declared in the register.

Partners or close relatives may work at the school. Relatives may attend the school. In either case, it is important to declare a financial interest.

A 'close relative' would normally include at least:

- Parents or step parents or parents-in-law;
- Sons or step sons or sons-in-law;
- Daughters or step daughters or daughters-in-law;
- Brothers and sisters;
- And the spouses or partners of any of the above people

2.4. What is a 'financial interest'?

A 'financial interest' is defined as one in which the individual stands to gain direct or indirect benefit or reward from a transaction made with the school. For example, if a Governor or Headteacher owned or had an interest in a business that provided services that the school paid for, there would be a 'financial interest'.

Financial Regulation 17.2 defines an interest as follows:

"An interest is defined as one in which the individual stands to gain direct or indirect benefit or reward from a transaction made with the school, e.g. ownership or interest in local businesses or where members of their family are either working at or attending the school."

An 'interest' in a business means being the owner, or sole proprietor, or a partner, or a significant shareholder.

Holding a few shares in large companies that might be used by the school is not a financial interest. For example, if the school installed an additional telephone line or switchboard using British Telecom, it is very unlikely that there would be a substantial benefit for someone who held a few shares in that company. Thus a small share-holding need not be disclosed.

In summary, a financial interest should be registered if it is significant, or 'material'. Factors that need to be considered include:

- a) Is the scale of the interest significant?
- b) Does the individual stand to gain direct or indirect reward from the transactions?
- c) What value do the transactions have?

Where any doubt exists the best advice would be to declare the interest.

2.5. What if you have no financial interests?

If a person has no interests to declare, a signed and dated return to this effect should be made.

2.6. What decisions shouldn't you take?

Governors, the Headteacher and staff should not take part in any decisions to select suppliers or which could be seen to be in their own (or their partner or close relatives) interest. Also, they should not authorise for payment claims or vouchers relating to:

- Expenditure they have incurred; or
- Expenditure for services they have supplied, or
- Expenditure claimed by their partners or close relatives ; or
- Expenditure for services supplied by their partners or close relatives, or
- Expenditure involving an organisation in which they have an interest.

2.7. What should the register of financial interests contain?

The register must list any business interests of the Headteacher, each Governor, any other member of staff and associate governor member who can make or influence financial decisions. The register must include each person's business interests and any business interests held by partners or close relatives.

There is no prescribed form that a register of financial interests should take. The following headings are, however, suggested as being appropriate for a register to be maintained at schools:

	Description	Use
1	Name	The name of the member of staff who is declaring the financial interest should be recorded under column 1 and the position held (Headteacher, Governor, Bursar, Teacher etc.) under column 2.
2	Position	
3	Beneficiary - Self / Partner / Other close Relative / Business	'Beneficiary' is the person or business who could potentially benefit from the financial interest.
4	Role of Partner / other close relative	the role of the partner or other relative, for example they may be a teacher in that school.
5	Nature of Interest (or statement of no financial interests)	details of the interest should be specified. <ul style="list-style-type: none"> • governance roles in other educational institutions;

		<ul style="list-style-type: none"> any material interests arising from relationships between governors or relationships between governors and school staff (including spouses, partners and close relatives); <p>This might for example, be a partnership or a significant holding in a business. This column can also be used to state that the person has no financial interests to declare</p>
6	Date of declaration	date on which the declaration is made, followed by a signature in Column 7
7	Signature (when declaring an interest)	
8	Date Terminated	date on which the 'interest' is terminated, followed by a second signature in Column 9 confirming this
9	Signature (confirming that the interest ends)	
10	Other information or comment	for any other information or comment

2.8. Who can inspect the register?

The register must be available for inspection by governors, staff, parents of pupils and the County Council.

2.9. Will a register prevent all abuses?

Even though there is a register, people may decide (or neglect) to declare their financial interests. Thus having a register will not always prevent abuse. However, a conscious decision not to comply with the requirement to disclose any interest has to be made by each individual. Thus there is a risk that failure to disclose will be detected. This could lead, at best, to embarrassment and potentially, to disciplinary or legal action.

2.10. Should the register of financial interests be kept up to date?

The register of financial interests must be kept up to date. New Governors, Headteachers and staff should add their declarations of financial interest to the register as they are appointed. New financial interests should be declared as they arise.

The register should be reviewed annually. Each year, each person must review their declarations, amend them as appropriate and then sign and date their declarations.

The Governing Body is responsible for ensuring that the register is kept up to date. The responsibility for maintaining the register may be delegated to the

Headteacher or another member of staff. In this case the delegation should be formally minuted in accordance with Section 3.1 of the Financial Manual of Guidance.

2.11. Should financial interests be declared at meetings?

Neither governors nor staff should be involved in making decisions where their personal interests may conflict with the interests of the school. Thus financial interests should be declared at meetings where decisions about spending are taken.

All interests should be declared immediately. These declarations of interests should be recorded in the minutes. People with a financial interest should take no part in the decision-making process and may withdraw from the meeting.

The DfE publication "Governance handbook and competency framework" latest publication April 2017 gives advice on the circumstances under which governors should withdraw from meetings where decisions are being made.

Different processes can be used to select suppliers. Whatever process is used to select suppliers, people with a financial interest should not be involved.