

Stranton PCC

CONFLICT OF INTEREST POLICY

Application of this policy

1. The entirety of this policy applies to all PCC members.
2. Part B applies to PCC members only as Trustees: Parts A, C and D of this policy also apply to members of any Committee and or sub-committee of the PCC, and all members of staff.

PART A:

WHAT ARE CONFLICTS OF INTEREST AND LOYALTY?

Purpose of this policy¹

1. All PCC members, as charity trustees, have a legal duty to act in the best interests of the Charity. Failure to do so may constitute a breach of trust and may result in the member being personally liable. One of the consequences of this duty is that members need to avoid putting themselves in a position in which their duty to act only in the best interests of the charity could conflict with any personal interest they may have.
2. This has implications in practice for both members as individuals and for the PCC collectively:
 - (a) individual members must identify and declare any conflict of interest on their part; and
 - (b) the PCC collectively must ensure that it has arrangements in place that enable conflicts of interest on the part of its members to be identified and dealt with effectively.
3. If not declared and managed appropriately, conflicts of interest or loyalty may create problems as they can, among other things:
 - (a) inhibit free discussion;
 - (b) result in decisions or actions that are not in the best interests of the charity and which are invalid or open to challenge;
 - (c) give the impression that the PCC has acted improperly and so damage the PCC's reputation.
4. Conflicts also arise in respect of transaction with or a benefit being conferred on a person who is considered to be a "connected person" to a PCC member. A definition of "connected person" and some further guidance has been included in Annex A.

¹ For more information see Charity Commission Guidance: [Conflicts of interest: a guide for charity trustees \(CC29\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/conflicts-of-interest-a-guide-for-charity-trustees)

5. The existence of a conflict of interest does not reflect on the integrity of the affected PCC member, so long as the conflict is properly identified and addressed. The prompt identification of conflicts of interest and loyalty is therefore key to ensuring that both individual members and the PCC collectively do what is expected of them.

What is a conflict of interest?

6. A conflict of interest is any situation in which a member's personal interests or loyalties could prevent, or could be seen to prevent, the member from making a decision only in the best interests of the PCC.
7. Such a situation may arise either:
 - (a) where there is a potential financial benefit to a PCC member, whether directly or indirectly through a connected person²; or
 - (b) where a PCC member's duty to the PCC may compete with a duty of loyalty he or she owes to another organisation or person (such a situation being known as a 'conflict of loyalty').
8. Examples of a conflict of interest are:
 - (a) The PCC wishes to sell some land and a PCC member owns adjoining land, the value of which could be affected by the proposed sale;
 - (b) The PCC is advertising a job and a family member of a PCC member applies for it; or
 - (c) The PCC is reviewing local charity partnerships and a relative of a PCC member is receiving support from one of the charities under consideration.

What is a conflict of loyalty?

9. Conflicts of loyalty arise because, although the PCC member affected does not stand to gain any personal benefit, the PCC member's decision making could be influenced by his or her other interests. Some conflicts of loyalty arise because a member has a competing legal obligation or duty to another organisation or person. Others result from conflicting loyalties which a member owes or feels towards family, friends or other people or organisations that are part of the member's network. For example, a member's loyalty to the PCC could conflict with his or her loyalty to:
 - (a) another organisation, such as his or her employer;
 - (b) another charity of which he or she is a trustee;
 - (c) a member of his or her family; or
 - (d) another connected person or organisation.

² See Annex A.

10. An example of a conflict of loyalty is where the PCC is negotiating a lease with a local school and a number of PCC members are also governors of that school.
11. The question in each case is whether the PCC member's other interest could, or could be seen to, interfere with their ability to decide the issue only in the best interests of the Church. In all cases, actual or potential conflicts of interest or loyalty must be disclosed **before** a substantive discussion takes place on the issue concerned and before a decision is taken.

What are the potential consequences of failing to identify, manage and record conflicts of interest in accordance with this policy?

12. If a PCC does not identify or properly respond to and record a conflict of interest, there can be serious consequences for the affected PCC member, the PCC itself and to the public's trust and confidence in the PCC. The failure may constitute a breach of trust and could result in the PCC member being personally liable.
 - (a) Where the failure to identify and manage a conflict of interest means that the PCC has acted outside the terms of its Constitution and Statutes or the law, that decision may not be valid. It could be challenged by the Charity Commission, the Church Commissioners or by an interested party, such as a member of the parish community.
 - (b) Where the PCC (or an individual PCC member) fails to act properly or makes a mistake, the Charity Commission always expects them to act promptly to put things right and prevent a recurrence of the same or similar issue.
 - (c) Where actions or failings by a PCC member or the PCC itself present a serious risk to the charity, the Charity Commission is likely to regard this as mismanagement or misconduct and so take remedial action.

Policy Review

13. This policy should be reviewed by the Finance and Buildings committee every 3³ years, with a report made to the PCC on any suggested improvements to this policy or the Declaration in Part D.

PART B

BENEFITS PERMITTED TO PCC MEMBERS

14. A PCC's assets and resources may only be used to further its purposes as set out in its Constitution. Therefore, a benefit may only be received by a

³ The review should include a monitoring of the policy's effectiveness and any improvements identified should be made,

PCC member if it is permitted by law and in the best interests of the PCC to do so.

15. PCC members may only receive those benefits which are either:
 - (a) explicitly authorised under Canon law of the Church of England; or
 - (b) explicitly authorised by Charity law, PCC Standing orders, the Charity Commission or by the court (provided such authorisation is obtained **before** any decision conferring a benefit on that member is taken by the PCC).
16. PCC members may receive the following benefits from the PCC:
 - (a) Ordained PCC members are entitled to receive fees, salaries, stipends, or any other emoluments that would ordinarily be available to them if they were not PCC members.
 - (b) Subject to prior approval by the PCC a lay member of PCC may where permitted under the Charities Acts receive pay or fees for work carried out on behalf of the PCC and
 - (c) all PCC members are entitled to reimbursement of reasonable expenses incurred in exercising functions as such and as a charity trustee.
17. The following benefits are not to be conferred on any non-executive PCC members or on any person who is “connected⁴” to a non-executive PCC member:
 - (a) The receipt of any emoluments from the PCC (other than as described in 16(c) above); and
 - (b) The receipt of any emoluments from outside bodies in respect of any functions (whether as a charity trustee or otherwise) relating to the Church.
18. Remuneration for charity trustees providing services to a charity was previously prohibited pursuant to Section 185 of the Charities Act 2011, however this is currently under review and may be permitted under specified conditions after taking suitable advice.
19. Legal advice must always be sought before any transaction involving a benefit to a PCC member, or a person connected⁵ to a PCC member, is entered into.

PART C

IDENTIFYING, PREVENTING AND RECORDING CONFLICTS OF INTEREST

⁴ See Annex A for the definition of “connected person”.

⁵ See Annex A.

20. The steps outlined below should enable the PCC to identify any conflicts of interest, prevent those conflicts identified from affecting decision making and record how those conflicts were dealt with.⁶

Identifying conflicts of interest and loyalty

21. PCC members, as charity trustees, each have an individual personal responsibility to declare conflicts of interest which affect them. This policy also requires members of any PCC Committee or sub-committee, as well as the chief officers to make similar declarations.
22. The following processes must be complied with to enable the PCC to identify conflicts of interest or loyalty that may arise so they can be dealt with properly.

Register of Interests

23. All PCC members, members of any Committees and sub-committees of the PCC and all members of staff must complete the Form and Declaration in Part D of this policy:
 - (a) when this policy is first adopted and, thereafter, on appointment;
 - (b) annually; and
 - (c) when a person becomes aware of a new interest that needs to be declared.
24. The information provided in this form will be held as part of the PCC Register of Interests⁷. If in doubt, any interest which might reasonably be thought by a member of the public to influence their judgement in the exercise of his or her duties as a member of the PCC, Committee, sub-committee, or staff should be declared.
25. The PCC Secretary is the person responsible for compiling the Register of Interests from the declarations received under this policy and for keeping it up to date as declarations are made each year.
26. In particular, the following are expected to be declared:
 - (a) financial interests, whether direct or indirect; and
 - (b) personal non-financial interests, including those which arise from membership of, or holding office in the Church and other bodies with which the Church has dealings.
27. Examples of financial interests include:
 - (a) Stipends, salary and/or pension entitlements from the Church Commissioners, the PCC, or the diocese;
 - (b) the right to occupy housing provided wholly or partly by the PCC or the diocese;

⁶ You also might find it helpful to look at the Charity Commission's [Checklist_for_trustees.pdf](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/checklist_for_trustees.pdf) ([publishing.service.gov.uk](https://www.publishing.service.gov.uk))

⁷ See model register in Annex B

- (c) shareholdings or other financial interests (including remunerated directorships) in commercial organisations with which the PCC has, or may reasonably be expected to have, a financial relationship; and
 - (d) interests under contracts with any trading subsidiary of the PCC or with the Diocesan Board of Finance.
28. Examples of non-financial interests include acting as a trustee or office holder of any body (such as a governor of a school connected with the church) whose affairs are, or may reasonably be expected to be, materially affected by decisions of the PCC.
 29. Members should also consider the need to register the financial interests of persons and companies which are “connected⁸” to them.
 30. A person who has completed a declaration of interests may ask the PCC Secretary to see and review the declarations of interest held on their behalf and should correct and update them as necessary.
 31. The information disclosed will be processed in accordance with the Data Protection Act 2018 and UK GDPR and only used for the regulation of meetings and discussion of the PCC, its Committees and Subcommittees⁹.
 32. The Register of Interests will be available for inspection on request to the PCC Secretary by PCC members, the PCC Officers, and chairs of PCC Committees and sub-committees (in relation to members of the relevant committee). In addition, any person who has made a declaration under this policy is entitled to inspect, and update their Interests on the Register, on reasonable notice to the PCC Secretary¹⁰.

Oral declaration of interests

33. Each meeting agenda will include an item for declaration of interests and identification of any conflicts or potential conflicts of interest, relating to the other agenda items under consideration.
34. An oral declaration of a relevant interest must be made at the beginning of each meeting of the PCC and any Committee or sub-committee (notwithstanding its inclusion in the Register of Interests) if, in the context of the particular item of business under consideration, the interest could, or could reasonably be seen to, prevent the person concerned from taking a decision only in the best interests of the PCC.
35. A person should err on the side of caution if he or she is in doubt about whether he or she is conflicted and declare the interest in question.
36. If a person is aware of an undeclared conflict of interest affecting another member, he or she should notify the Chair of the relevant meeting.

Managing a conflict of interest or loyalty once identified

⁸ See definition in Annex A.

⁹ The legal basis which applies is legitimate interest.

¹⁰ Amend title as appropriate.

37. Subject to paragraph 28, where a conflict of interest arises in connection with a personal benefit, the person concerned must withdraw from the meeting and not take part in any discussions relating to it (including discussions for the purpose of obtaining the authority that will be required to authorise the benefit).
38. Subject to paragraph 28, where a conflict of loyalty arises, the PCC, Committee, sub-committee will consider what level of participation, if any, is acceptable on the part of the conflicted person, having regard to the duty to act in the best interests of the Church. However, the normal expectation will be that the conflicted person should withdraw from the meeting during discussion of the item of business in question.
39. A person need not withdraw from a meeting if his or her interest (whether financial or non-financial) is common to a class of persons and is neither (i) significant nor (ii) substantially greater than the interests of other members of that class, such as paid membership of or subscription to a national charity to which it is proposed to submit a grant application.
40. In very exceptional cases, there could be an unresolvable conflict of interest or loyalty that prevents the PCC from making a quorate unconflicted decision due to the number of PCC members who are conflicted. In such a situation the PCC must seek an Order from the Charity Commission to enable the decision to be made in order to demonstrate that the PCC has acted in the best interests of the Church.

Recording how conflicts of interest or loyalty are managed

41. The PCC, each Committee and sub-committee keep a written record (usually in the minutes of the relevant meeting) of the nature of any conflict of interest or loyalty declared and how it was dealt with. The written record should include the following information to help the PCC demonstrate that the PCC or relevant Committee has acted properly and complied with their duties:
 - (a) the nature of the conflict;
 - (b) which PCC or Committee or sub-committee members were affected;
 - (c) whether any conflicts of interest were declared in advance;
 - (d) an outline of the discussion;
 - (e) whether anyone withdrew from the discussion; and
 - (f) how the PCC or Committee or sub-committee members took the decision in the best interests of the Church.
42. In addition, the PCC must disclose any benefits to PCC members and to persons or businesses connected¹¹ to PCC members, in the annual accounts. The disclosure in the accounts should state under what legal

¹¹ See Annex A

authority the payments or benefits have been made, together with the reason for them.

Lobbying of others

43. A member of the PCC, Committee, or sub-committee must not seek to lobby other members or staff about a matter in which he or she has a conflict of interest or loyalty.

[Managing specific conflicts¹²

44. PCC has identified Ward Jackson school¹³ as a significant area of its activity where potential conflicts of interest and/or loyalty may be present. The particular conflicts of interest arise where PCC members are governors of the school:

- (a) Priest in Charge is ex officio member of governors
- (b) Other PCC members are Governors, Chair of Governors or Vice chair of Governors.

When the PCC considers transactions with the school, these inherent conflicts will need to be carefully managed in accordance with the following protocol:

The meeting will determine before discussion of the relevant item of business whether the affected members should be excluded from discussion and decision, or be allowed to speak to the matter under discussion but not vote on a decision, or take a full part in the discussion and decision.

¹² Include if relevant

¹³ Amend as required for other conflicts, such as a related charity.

PART D

Register of Interests

Declaration of interests for PCC members

I, _____, a member of the PCC, have set out below my interests that might conflict with those of the PCC. I understand that declaring potential conflicts or perceived conflicts is important and that a failure to declare a conflict of interest may be a breach of my legal duties.

Unless authorised, I will not put myself in a position where my personal interests conflict or may be perceived to be in conflict with my duty to act in the best interests of the Church. Where there is a conflict of interest and/or potential conflict of interest I will ensure that I declare it so that the PCC can manage it effectively.

Declaration of interests for Committee and sub-committee members

I, _____, a member of the _____ Committee have set out below my interests that might conflict with those of the PCC. I understand that declaring all potential conflicts or perceived conflicts is important.

Unless authorised, I will not put myself in a position where my personal interests conflict or may be perceived to be in conflict with my duty to act in the best interests of the PCC. Where there is a conflict of interest and/or potential conflict of interest I will ensure that I declare it so that it can be managed effectively.

Declaration of interests for staff

I, _____, employed as _____

have set out below my interests that might conflict with those of the PCC. I understand that declaring all potential conflicts or perceived conflicts is important.

Unless authorised, I will not put myself in a position where my personal interests conflict or may be perceived to be in conflict with my duty to act in the best interests of the PCC. Where there is a conflict of interest and/or potential conflict of interest I will ensure that I declare it so that it can be managed effectively.

Declaration of Interest Form

Category	Please give details of the interest and whether it applies to yourself or to a connected person¹⁴ <i>If in doubt as to whether an interest is relevant, please include.</i>
List your current employment and any previous employment in which you have a financial interest.	
Appointments: Company directorships	
Appointments (voluntary or otherwise) e.g. charity trusteeships, professional chairs, elected positions in a political party, local authority membership, tribunals etc	
Membership of any professional bodies, special interest groups or mutual support organisations which could potentially create a conflict of interest.	
Businesses: List all current investments in unlisted companies, partnerships and other forms of business, significant ¹⁵ shareholdings and beneficial interests in listed companies.	
Declare any gifts or hospitality offered to you in the last 12 months by external bodies whilst acting in your position as a PCC member and whether this was	

¹⁴ See Annex A

¹⁵ 'Significant' means over 5% of issued capital

declined or accepted.	
List any contractual relationship with the PCC [or any trading subsidiary of the PCC] [or any charity of which the PCC is [either] a trustee] [or has the power to appoint one or more trustees].	
Please declare any other conflicts of interest not covered by the above	

I confirm that to the best of my knowledge the above information is correct and complete. I agree to review and update this declaration annually. I understand that the information I provide in accordance with the Data Protection Act 2018 and UK GDPR will only used for the regulation of Meetings of the PCC, its Committees and Subcommittees¹⁶.

Signed: _____

Date: _____

Name: _____

¹⁶ Take legal advice if required.

Annex A

Definition of “connected person”

- 1.1 “Connected person” has the meaning given to it in section 188 of the Charities Act 2011 and generally includes family, relatives or business partners of a charity trustee, as well as businesses in which a charity trustee has an interest through ownership or influence. The term includes a charity trustee’s spouse or unmarried or civil partner, children, siblings, grandchildren and grandparents, as well as businesses where a trustee or family member holds at least one-fifth of the shareholding or voting rights.
- 1.2 If there is a doubt about whether a person or business is a “connected person” to a member of the PCC for these purposes in relation to a proposed transaction or benefit, the PCC should seek legal advice.
- 1.3 In more detail, a person is “connected” with a charity trustee or trustee for a charity if they are:
- (a) a child¹⁷, parent, grandchild, grandparent, brother or sister of the trustee;
 - (b) the spouse or civil partner¹⁸ of the trustee or of any person falling within paragraph (a);
 - (c) a person carrying on business in partnership with the trustee or with any person falling within paragraph (a) or (b);
 - (d) an institution which is controlled¹⁹:
 - (i) by the trustee or by any person falling within paragraph (a), (b) or (c), or
 - (ii) by two or more persons falling within sub-paragraph (i), when taken together.
 - (e) a body corporate in which—
 - (i) the trustee or any connected person falling within any of paragraphs (a) to (c) has a substantial interest²⁰, or
 - (ii) two or more persons falling within sub-paragraph (i), when taken together, have a substantial interest.

¹⁷ Includes a stepchild or an illegitimate child.

¹⁸ Where two people are not married to, or civil partners of, each other but live together as if they were a married couple or civil partners, each of them is to be treated as the spouse or civil partner of the other.

¹⁹ A person controls an institution if the person is able to secure that the affairs of the institution are conducted in accordance with the person's wishes.

²⁰ A person has a substantial interest in a body corporate if the person or institution in question:
(a) is interested in shares comprised in the equity share capital of that body of a nominal value of more than one-fifth of that share capital; or
(b) is entitled to exercise, or control the exercise of, more than one-fifth of the voting power at any general meeting of that body.

Annex B

Example Register of Interests²¹

Name of PCC member	Description of Interest	Does the Interest relate to the PCC member or to a “connected person”? (please describe)	Date notified	Is the Interest current?

This Register can be used either to record all interests chronologically as they are disclosed or you may wish to have separate pages for each PCC member with their interests recorded chronologically.

²¹ One register should be kept for PCC and Subcommittee members, and a separate one for staff.