

# Managing Conflicts of Interest Policy

<b>Owner</b>	Kathleen Formosa, Head of Corporate Governance and Company Secretary		
<b>Approved by</b>	Board of Trustees		
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Version	Date	Author	Status	Comment
3	September 2020	Kathleen Formosa, Head of Corporate Governance and Company Secretary	Review & Recommendation	Complete redraft to highlight Trustees' legal duty to declare conflicts of interest and to consolidate separate related party transaction declaration.
4	October 2021	Kathleen Formosa, Head of Corporate Governance and Company Secretary	Approval	The definitions of conflicts of interest and conflicts of loyalty have been clarified. Updates have been made in relation to the new and separate Gifts & Hospitality Policy.
5	October 2022	Kathleen Formosa, Head of Corporate	Approval	Review with no material changes.

		Governance and Company Secretary		
<b>6</b>	August 2023		Approval	The recording of conflicts of interest or conflicts of loyalty in a register as they arise is explained. Members of Local Advisory Panels (LAPs) are now included in the scope of this policy. Possible publication of declared interests included in Section 2.

## Scope

This policy applies to the WEA's Board of Trustees (who are also the Company Directors of WEA), non-Trustee members of committees of the Board of Trustees, Local Advisory Panel members (LAPs) and employees who are members or regular attendees of LAPs or committees of the Board of Trustees.

Conflict of interest procedures are also outlined in the Articles of Association of WEA (i.e., Articles 61 – 61.6.2) and this policy refers to them at the appropriate points.

### 1. Why we have a policy

Trustees have a legal obligation to act in the best interests of the WEA, and in accordance with WEA's Articles of Association, and to avoid situations where there may be actual, potential or perceived conflicts of interest or conflicts of loyalty.

Conflicts of interest may arise where an individual's financial, business, personal or family interests and/or loyalties conflict with those of WEA. Conflicts of loyalty are a particular type of conflict of interest in which an individual's loyalty or duty to another person or organisation could prevent them from making a decision only in the best interests of WEA as a whole. Such conflicts can potentially:

- inhibit free discussion;
- result in decisions or actions that are not in the best long-term interests of the WEA as a whole; and/or
- risk the perception that WEA has acted improperly.

The aim of this policy is to protect both the organisation and the individuals involved from any appearance of impropriety. Trustees are required to make full disclosure of any actual, potential or perceived conflicts, and any failure to do so is cause for removal, per Article 19.6.

This policy applies to Trustees, non-Trustee members of any committee of the Board of Trustees, LAP members and to staff who are members or regular attendees at meetings of the Board of Trustees or any of the Board's committees or LAPs.

### 2. The Register of Interests

The WEA maintains a Register of Interests. To enable this, and to comply with the statutory duty, each Trustee, non-Trustee member of a committee of the Board of Trustees or LAP member and each member of staff who is a member or regular attendee of a committee of the Board of Trustees or LAP must complete the declaration of interests survey. Each individual should ensure that their declaration of interests is updated at the start of each financial year, and within the year should there be any material change to their interests. Completed survey results as part of on-boarding when joining WEA and annually as part of a declaration of interests survey are available from and kept in a register maintained by the Company Secretary.

If, after reading this policy, you are not sure what to declare, or whether your declaration needs to be updated, please err on the side of caution. If you would like to discuss this issue, please contact the Company Secretary for confidential guidance.

The Register of Interests is kept at the WEA's registered office and electronically, and is open to scrutiny by Trustees and members of the WEA Leadership Team unless the Trustees collectively agree that some or all of the information shall remain confidential to Trustees. The Register of Interests is regularly scrutinised by WEA's auditors as part of the annual external audit.

In accordance with General Data Protection Regulation (GDPR) information provided for the Register of Interests will be processed in accordance with the Data Protection Act 2018. The information provided will be used only for the purpose of ensuring WEA's compliance with the relevant portions of the Companies Act 2006 and to satisfy the requirements of WEA's regulators and its auditors.

We may publish a Register of Declared Interests of Members of the Board of Trustees, Board Committee Members and LAP Members on WEA's website. The purpose is to provide information to the public about these matters in the interests of good governance and transparency in our decision-making processes.

### 3. Declaration of Interests

Trustees have a legal duty under the Companies Act 2006 to declare conflicts of interest. Trustees also have a separate duty under the Act to avoid conflicts of interest and duty. These specific Companies Act duties are in addition to the similar duties of a charity trustee.

"Conflicts" is widely defined and includes possible as well as actual conflicts of interest or duty. Trustees are asked to declare not only any financial or other business interests they may have that may conflict with WEA's interests or influence their objectivity, but also to declare any gifts or hospitality offered and received in connection with their role in WEA. Per Article 61, a Trustee must declare the nature and extent of:

*61.1.1 any direct or indirect interest which he or she has in a proposed transaction or arrangement with the Association; and*

*61.1.2 any duty or any direct or indirect interest which he or she has which conflicts or may conflict with the interests of the Association or his or her duties to the Association.*

In addition to completing a declaration of interests form for the Register of Interests, Trustees, and all others who are members or in attendance at a meeting of the Board of Trustees, a committee of the Board of Trustees or an LAP should at the start of any meeting declare:

- Any interests they have, directly or indirectly, in any items on the agenda, even where those interests have already been declared on the Register of Interests; and
- Any other potential conflicts of interest, whether direct or indirect, of which they have become aware which have not already been declared.

If you fail to declare an interest that is known, to Company Secretary and/or the Chair of Trustees or a committee of the Board, or a Lead Volunteer of a LAP, the Company Secretary, the Chair or Lead Volunteer will declare that interest for you.

### 4. Managing Conflicts of Interest as they arise

Further to Articles 61.3-61.4, where conflicts of interest and duty may arise, and the interest relates to a matter under discussion, the Trustees or relevant committee of the Board of Trustees or LAP must collectively decide whether the interest:

- a) Is trivial and does not create a real danger of conflict of interest and duty, or bias or the appearance of bias;
- b) Does not create a real danger of conflict of interest and duty or bias, but might reasonably cause others to think it could influence a decision; or
- c) Creates a real danger of conflict of interest and duty or bias (i.e., the interest affects them, or a person or business connected to them, more than the generality affected by the decision).

In cases a-c above, such conflicts will be dealt with by the Board or committee of the Board or LAP generally as follows:

- a) The Trustee, committee member or LAP member must not vote;
- b) It shall be at the discretion of the other Trustees, committee members or LAP members (who do not themselves have an interest in the matter) whether the individual concerned may remain in the meeting, but the Trustee, committee member or LAP must not participate in the discussion or vote on the matter; or
- c) The Trustee, committee member or LAP must leave the meeting and must not participate in the discussion or vote on the matter.

The management of conflicts of interest for Trustees are further proscribed by Article 61.5. Specifically, Trustees having a conflict of interest must not be counted in the quorum for the portion of any meeting where their conflict applies.

The decision as to how the conflict of interest has been dealt with shall be recorded in the minutes. Such decisions taken by the Board of Trustees shall be by resolution of the Board. The resolution may require other steps to be taken (e.g., requiring information to be kept confidential or certain undertakings to be given by the Trustee).

In cases where there is the same indirect benefit to all members and attendees of a Board, committee, or LAP, or where the benefit to one or more members is minimal, it may be agreed that the affected members may participate in discussions. In such instances, the action will be formally agreed and minuted accordingly will be recorded on WEA's Register of Interests.

## 5. Related Parties & Related Party Transactions

Per ESFA (Education and Skills Funding Agency) funding requirements, Trustees are required as part of their annual reporting to collate information on any transactions involving related parties which potentially require disclosure in the notes to the accounts in accordance with FRS (Financial Reporting Standard) 102 section 33 and the Charities SORP (Statement of Recommended Practice) 2015. The declaration of interests form includes a specific section on which details of any related party transactions should be provided. Please note that this section relates to transactions ***in the previous financial year*** of which you are aware between the charity and yourself (including any persons connected with you) or with any of the entities listed in which you have an interest.

The disclosure of related party transactions is standard accounting practice across the private and public sectors. Such disclosures provide accountability and transparency to the

public and Parliament and demonstrate that potential conflicts of interest are being identified, managed and reported.

Related party transactions arise where one party has control or influence over the other, or where the parties are subject to common control. This includes parent companies and their subsidiaries, key management personnel including company directors, their close family members and other entities in which these parties have a controlling interest. Accounting standards require transactions between related parties to be disclosed in the financial statements as related party transactions.

Related party transactions are the transfer of resources, services or obligations between related parties, regardless of whether a price is charged, and may include the following:

- Purchases, sales, leases and donations (including donations which are made in furtherance of the charity's objects) of goods, property, money and other assets such as intellectual property rights to or from the related party.
- The supply of services by the related party to the charity, and the supply of services by the charity to the related party. Supplying services includes providing the use of goods, property and other assets and finance arrangements such as making loans and giving guarantees and indemnities.
- Any gifts or hospitality received in connection with their role in the charity.
- Any other payments and other benefits which are made to trustees under express provisions of the governing document of a charity or in fulfilment of its charitable objectives.

For Trustees, non-Trustee members of committees of the Board of Trustees, Local Advisory Panel members or staff who are members of or regular attendees of the Board of Trustees or any of its committees, a related party may be a "natural person" (e.g., a family member, or business partner) or a "legal person" (e.g., a company or organisation). Related parties who are "natural persons" are the same as "connected persons" as set out in Section 7 of this policy.

ESFA's accounts guidance sets out that related parties include:

- Parties with control over, or who are controlled by, the entity (for example parent and subsidiary companies);
- Parties having significant influence over the entity;
- Key management personnel of the entity, including any director, whether executive or otherwise;
- Close family members of any of the above; and
- Others subject to control or significant influence by any individual referred to above.

In other words, and by way of example, WEA would not necessarily be considered related to another charity simply because a particular WEA Trustee happened to be a trustee of another charity. It would only be 'related' if the relationship meant that WEA, in furthering its charitable aims, fell under the direction or control of the Trustees of the other charity (or vice versa).

## 6. Gifts & Hospitality

The WEA accepts that the occasional modest giving and receiving of gifts and hospitality can be a legitimate contribution to good business relationships. However, it is essential that they do not unduly influence the objective decision-making required of Trustees and the members of Board-level committees. Trustees and non-Trustee members of committees of the Board of

Trustees are required to comply with WEA's Gifts & Hospitality Policy, and to declare any gifts or hospitality given or received in accordance with the policy.

Gifts and hospitality should be declared in the same way as any other interest, and will be recorded on WEA's Register of Interests.

## 7. Connected Persons

Conflicts of interest may arise indirectly because of the interests of someone connected to the Trustee or non-Trustee members of a committee or an LAP. Under the Companies Act 2006, a connected person includes:

- The Trustee's family – this section is drafted fairly widely and includes most relatives, spouse or partner;
- A company (or corporate body) in which the Trustee owns or controls and interest exceeding 20%;
- A person acting as a Trustee of a Trust in which the WEA Trustee or connecting person is a beneficiary; and
- A person acting as a partner of the Trustee.

Under the Charities Act, a connected person includes:

- A Trustee for the charity;
- A person who is the donor of any land to the charity;
- A child, parent, grandchild, grandparent, brother or sister of any such Trustee or donor;
- An officer, agent or employee of the charity;
- The spouse or civil partner of any person falling within any of the subparagraphs above;
- A person carrying on business in partnership with any person falling within any of the subparagraphs above;
- An institution which is controlled by any person falling within any of the subparagraphs above;
- A corporate body in which any connected person falling within any of the subparagraphs above has a substantial interest.

Within the context of this policy, the provisions set out above for Trustees shall also apply to the non-Trustee members of any committee of the Board of Trustees.

## 8. Links to other policies and procedures

With particular importance for this policy, Trustees and non-Trustee members of committees of the Board of Trustees and LAP members should note and heed the WEA Expense Policy for staff and volunteers when claiming for expenses incurred when carrying out duties as a WEA Trustee, committee member or LAP member.