Royal Northern College of Music

Conflict of Interest Policy

Policy & Procedure
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RNCM
ROYAL NORTHERN
COLLEGE of MUSIC

Policy and procedure on declaring and managing conflicts of interest (Regulation 7 of the College, pursuant to Article 15(1))

Introduction and purpose

The RNCM (the College) recognises that members of its Board of Governors have diverse interests and contacts within the local, national and international community and it considers that such links are often in the public interest as well as beneficial to the College and to individuals. However, it also recognises that such connections may give rise to potential conflicts of interest.

The College recognises that, in general, individuals will recognise conflicts of interest and want to ensure that there can be no perception of their receiving an inappropriate advantage and that they are personally beyond suspicion.

In drawing up this policy, due regard has been given to the guidance on Conflicts of Interest issued by the Charity Commission in May 2014 and the Committee of University Chairs' (CUC) Guide for Members of Higher Education Governing Bodies in the UK issued in December 2014 which states that 'members of governing bodies **must** act, and be perceived to act, impartially, and not be influenced by social or business relationships'.

The purpose of this Policy is to:

- to ensure high standards of integrity in the conduct of business by the Board of Governors of the College;
- to avoid both impropriety and any appearance or perception of impropriety;
- assist in identifying conflicts of interest;
- explain the process for the disclosure of conflicts of interest;
- provide guidance to those responsible for dealing with conflicts of interest;
- assist in the resolution of conflicts of interest in order to protect the College, members of its governing body and senior post holders of the College.

Principles

There is a need to balance the rights and responsibilities of members and those of the College in relation to the management of conflict of interest.

Each member has an obligation to act in the best interests of the College in relation to their College duties and activities.

The College has obligations to the members:

- not to interfere in their private concerns where these have no bearing on the legitimate interests of the College;
- to deal with issues raised under this Policy in a prompt, fair, reasonable and objective manner.

The existence of an actual, perceived or potential conflict of interest does not necessarily imply wrongdoing on anyone's part. However, any private, personal or commercial interests which give rise to such a conflict of interest must be recognised, disclosed appropriately and either eliminated or managed.

Definition and scope

This policy applies to all members of the Board and its committees, the Clerk to the Board, and to members of the Principal's Executive Group who are in attendance at meetings of the Board (hereafter referred to as 'members').

For the purpose of this policy a conflict of interest may be defined generically as 'any situation in which a member's personal interests or loyalties prevent the member from making a decision only in the best interests of the charity'. This includes perceived and potential as well as actual conflicts of interest.

Conflicts of interest usually arise when either:

- there is a potential financial or measurable benefit directly to a member, or indirectly through a connected person[1]; or
- a member's duty to the charity may compete with a duty or loyalty they owe to another organisation or person.

The existence of a conflict of interest does not reflect upon the integrity of the member(s) concerned as long as it is properly addressed. It is necessary, therefore, to have in place mechanisms to protect them, and the College, from reputational damage or other liabilities, so it is essential that they declare any interest that they, or any connected person, may have that could give rise to a conflict, or give the appearance or perception of a conflict, even if no actual conflict exists.

The policy and procedures seek to ensure best practice by:

- ensuring those individuals covered by the policy are able make decisions free from bias;
- guarding against conflicts of interest that may arise as a result of the positions held by individuals; and
- protecting the College, and those individuals covered by the policy, against impropriety, or the appearance or perception of impropriety, including reputational risk.

Obligations

In the performance of their functions, members of the Board and its committees are under a legal obligation to act in the best interests of the College and should, therefore, declare interests, either prior to discussion at a particular meeting if the interest is thought to be a non-recurring event (such disclosures are a standing item on all Board and Committee meeting agendas), or through an appropriate entry in the Register of Interests (see below) if it is long term or permanent.

In order to determine whether a conflict of interest exists, it should be determined whether the private, personal or commercial interest is likely to interfere or appear to interfere with the objective judgement the member should show in performing his/her Board duties.

Circumstances which may give rise to a conflict include, but are not restricted to:

- where matters relating to a connected person are under specific consideration;
- where the interests of a connected person may conflict with the interests of the College;

[1] The term 'connected person' is taken to refer to family, relatives or business partners of a trustee, as well as businesses in which a trustee has an interest through ownership or influence. The term includes a trustee's spouse or unmarried or civil partner, children, siblings, grandchildren and grandparents, as well as businesses where a trustee or family member holds more than 1% of the shareholding or voting rights.

- where, in the course of consideration of reports or other documents received as a Board or committee member, a member comes across information that may be of material personal advantage to them in some other capacity, or as such, to a connected person;
- where the member is on an interviewing panel and a candidate for interview is a connected person;
- where the interests of some other Board, Committee, Trust etc. of which the member is also a member may conflict with the interests of the College;
- where the member serves in some external advisory capacity and may need to provide advice in that capacity upon College operations, suitability, effectiveness or *bona fides;*
- where the member is an employee, director or major shareholder in a company or organisation which has or is seeking a contractual relationship with the College.

The Register of Interests

The responsibility for avoiding conflict of interest, in the first instance, lies with the member. The Board has determined that those individuals covered by the policy are required annually to declare in a Register of Interests*,* maintained by the Clerk to the Board, any interests of a long-term or permanent kind which might have a bearing on their relationship with the College. Any changes in circumstances, including new interests, should be declared and updated at the earliest opportunity.

It is neither possible nor desirable to formulate an exhaustive set of rules on interests; individuals are best placed to know their responsibilities within the College and within other bodies and where these have the potential to conflict. However, conflicts of interest may arise from:

- directorships of, including executive and non-executive, or employment by public or private companies likely, or possibly seeking, to do business with the College or with any of its associated or related partners;
- self-employment in a similar context;
- significant shareholdings in public or private companies likely, or possibly seeking, to do business with the College or with any of its associated or related partners (nb: significant shareholdings may be considered to be 1% or more of the issued share capital);
- remunerated or honorary positions, and trusteeships or other positions of authority with other organisations, including educational institutions and charitable organisations;
- public appointments (paid or unpaid) or election to office (including political office).

Ultimately, it is at the discretion of each individual what, if any, interests he/she declares. However, in considering whether and what interests to declare, individuals may wish to ask themselves whether members of the public knowing a particular piece of information about an individual might reasonably conclude that the relevant interest could influence his or her judgement. If they might so conclude, the best protection for the individual and for the College would be for the interest to be declared in the Register. It is for the individual members to decide whether the interests of any connected persons are relevant in this context.

If in any doubt on these matters, individuals should err on the side of caution, or seek the advice of the Clerk to the Board or the Chairman in the first instance. If under any particular heading in the Register there is nothing to declare, a ‘nil return’ should be clearly indicated.

Managing and resolving conflicts of interest

In the vast majority of cases, and depending on the nature and status of the business under consideration, the disclosure in the Register of a potentially conflicting external activity is sufficient to deal with the matter. On occasions, particularly if the conflict identified is actual rather than perceived, it may be necessary for the College to propose a different way of managing an activity such that the conflict is minimised or avoided. Potential conflicts of interest at meetings will normally be resolved through the individual concerned not participating in the relevant discussions, or any subsequent discussions, and (as necessary) having restricted access to information. However, in instances where a serious and/or continuous conflict has been identified, the most appropriate action may be to invite a member to resign from his or her post.

Gifts, Benefits and Hospitality

Those to whom the policy applies should be careful to ensure propriety over receipt of gifts, benefits or hospitality in the course of, or connected with, College business. Other than those of small intrinsic value, these should be notified to the Clerk to the Board. Section 4 of the College's Anti-Bribery Policy (Anti Bribery Policy) provides further information in relation to gifts and hospitality.