

# WINCHESTER CATHEDRAL

## CONFLICT OF INTEREST POLICY

Approved by Chapter, 23 June 2022.  
To be reviewed by the Audit and Risk Committee not later than June 2025.

### Application of this policy

1. The entirety of this policy applies to all Chapter members.
2. Parts A, C and D of this policy only, apply (with any necessary changes) to: members of any Committee and or sub-committee of the Chapter, senior members of staff identified in paragraph 23, and to members of any advisory body established by the Cathedral.

### PART A:

#### WHAT ARE CONFLICTS OF INTEREST AND LOYALTY?

##### Purpose of this policy<sup>1</sup>

1. All Chapter members, as charity trustees, have a legal duty to act in the best interests of the Chapter of the cathedral. Failure to do so may constitute a breach of trust and may result in the Chapter member being personally liable. One of the consequences of this duty is that Chapter members need to avoid putting themselves in a position in which their duty to act only in the best interests of the Chapter of the cathedral could conflict with any personal interest they may have.
2. This has implications in practice for both members as individuals and for the Chapter collectively:
  - (a) individual members must identify and declare any conflict of interest, or potential conflict of interest, on their part; and
  - (b) the Chapter 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 Chapter has acted improperly and so damage the Chapter'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 Chapter member. A

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<sup>1</sup> For more information see Charity Commission Guidance: Conflicts of interest

definition of “connected person” and some further guidance has been included in Annex A.

5. The existence of a conflict of interest does not reflect on the integrity of the affected Chapter member, so long as it is properly addressed. The prompt identification of conflicts of interest and loyalty is therefore key to ensuring that both individual members and the Chapter 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 Chapter.
7. Such a situation may arise either:
  - (a) where there is a potential financial benefit to a Chapter member, whether directly or indirectly through a connected person<sup>2</sup>; or
  - (b) where a Chapter member’s duty to the Chapter 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 Chapter wishes to sell some land and a Chapter member owns adjoining land, the value of which could be affected by the proposed sale;
  - (b) The Chapter is advertising a job and a family member of a Chapter member applies for it; or
  - (c) The Chapter is reviewing its bursary policy for choristers and a Chapter member has a child who is a cathedral chorister and so receives a bursary under the policy.

### **What is a conflict of loyalty?**

9. Conflicts of loyalty arise because, although the Chapter member affected does not stand to gain any personal benefit, the Chapter 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 Chapter 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.
10. An example of a conflict of loyalty is where the Chapter is agreeing a lease with the cathedral school and a number of Chapter members are also governors of that school.
11. The question in each case is whether the Chapter 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 cathedral. In all cases, actual or potential conflicts of interest or loyalty must be

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<sup>2</sup> See Annex A.

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 Chapter does not identify or properly respond to and record a conflict of interest, there can be serious consequences for the affected Chapter member, the Chapter itself and to the public's trust and confidence in the Chapter. The failure may constitute a breach of trust and could result in the Chapter member being personally liable.
  - (a) Where the failure to identify and manage a conflict of interest means that the Chapter 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 cathedral community.
  - (b) Where the Chapter (or an individual Chapter 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 Chapter member or the Chapter itself present a serious risk to the cathedral, 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 Audit and Risk Committee every 3 years, with a report made to the Chapter on any suggested improvements to this policy or the Declaration in Part D.

**PART B**

**BENEFITS PERMITTED TO CHAPTER MEMBERS**

14. A Chapter's assets may only be used to further its purposes as set out in its Constitution. Therefore, a benefit may only be received by a Chapter member if it is permitted by law and in the best interests of the Chapter to do so.
15. Chapter members may only receive those benefits which are either:
  - (a) explicitly authorised by the Cathedrals Measure 2021; or
  - (b) in absence of any explicit prohibition in the Cathedrals Measure 2021, are explicitly authorised by charity law, the cathedral's Constitution, by 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 Chapter).
16. The Cathedrals Measure 2021<sup>3</sup> permits Chapter members to receive the following benefits from the Chapter:
  - (a) Executive Chapter members are entitled to receive stipends or any other emoluments in accordance with sections 26 or 28<sup>4</sup>;

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<sup>3</sup> Paragraph 4 of Schedule 1

<sup>4</sup> stipend payments and housing grants from the Church Commissioners.

- (b) an Executive Chapter member who is a residentiary canon and does not receive stipends or any other emoluments in accordance with section 26 or 28 is entitled to receive stipends or any other emoluments from the Chapter or from any other person in respect of any functions (other than as a charity trustee) relating to the cathedral; and
  - (c) all Chapter members are entitled to reimbursement of reasonable expenses incurred in exercising functions as such and as a charity trustee.
17. The Cathedrals Measure 2021<sup>5</sup> explicitly prohibits the following benefits to be conferred on any non-executive Chapter members or on any person who is “connected<sup>6</sup>” to a non-executive Chapter member:
- (a) The receipt of any emoluments from the Chapter (other than as described in 16(c) above); and
  - (b) The receipt of any emoluments from the Church Commissioners in respect of any functions (whether as a charity trustee or otherwise) relating to the cathedral.
18. The Cathedrals Measure 2021<sup>7</sup> explicitly prohibits any Chapter member from receiving a benefit from the cathedral pursuant to Section 185 of the Charities Act 2011 (remuneration for charity trustee providing services to a charity).
19. Legal advice must always be sought before any transaction involving a benefit to a Chapter member, or a person connected<sup>8</sup> to a Chapter member, is entered into.

## **PART C**

### **IDENTIFYING, PREVENTING AND RECORDING CONFLICTS OF INTEREST**

20. The steps outlined below should enable the Chapter to identify any conflicts of interest, prevent those conflicts identified from affecting decision making and record how those conflicts were dealt with.<sup>9</sup>

#### **Identifying conflicts of interest and loyalty**

21. Chapter 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 Chapter Committee or sub-committee, as well as the chief officers, members of staff and members of any advisory body established by the Cathedral to make similar declarations.
22. The following processes must be complied with to enable the Chapter to identify conflicts of interest or loyalty that may arise so they can be dealt with properly.

#### *Register of Interests*

23. All Chapter members, members of any Committees and sub-committees of the Chapter and all members of staff who are managers or budget-holders and members of any

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<sup>5</sup> Paragraph 4 of Schedule 1

<sup>6</sup> See Annex A for the definition of “connected person”.

<sup>7</sup> Paragraph 4 of Schedule 1

<sup>8</sup> See Annex A.

<sup>9</sup> 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/614247/Checklist_for_trustees.pdf) ([publishing.service.gov.uk](https://www.publishing.service.gov.uk))

advisory body established by the Cathedral 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 cathedral's Register of Interests<sup>10</sup>. 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 Chapter, Committee, sub-committee, staff or advisory body should be declared.
25. The Chief Operating Officer 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, Church and other bodies.
27. Examples of financial interests include:
- (a) Stipends, salary and/or pension entitlements from the Church Commissioners, the Chapter, or the diocese;
  - (b) the right to occupy housing provided wholly or partly by the cathedral or the diocese;
  - (c) shareholdings or other financial interests (including remunerated directorships) in commercial organisations with which the Chapter has, or may reasonably be expected to have, a financial relationship; and
  - (d) interests under contracts with any trading subsidiary of the Chapter 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 Diocesan Board of Finance, or governor of a school connected with the cathedral) whose affairs are, or may reasonably be expected to be, materially affected by decisions of the Chapter.
29. Members should also consider the need to register the financial interests of persons and companies which are "connected"<sup>11</sup> to them.
30. A person who has completed a declaration of interests may ask the Chief Operating Officer 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 in the manner set out in the cathedral's Privacy Notice.

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<sup>10</sup> See model register in Annex B

<sup>11</sup> See definition in Annex A.

32. The Register of Interests will be available for inspection on request to the Chief Operating Officer by Chapter members, the Chief Finance Officer, chairs of Chapter Committees and sub-committees (in relation to members of the relevant committee) and the chair of any advisory body established by the Cathedral. 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 Chief Operating Officer.

#### *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.
34. An oral declaration of a relevant interest must be made at the beginning of each meeting of the Chapter 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 cathedral.
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**

37. Subject to paragraph 39, 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 39, where a conflict of loyalty arises, the Chapter, Committee, sub-committee or advisory body 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 cathedral. 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.
40. In exceptional cases, there may be an unresolvable conflict of interest or loyalty that prevents the Chapter from making a quorate unconflicted decision due to the number of Chapter members who are conflicted. In such a situation the Chapter must seek an Order from the Charity Commission to enable the decision to be made in order to demonstrate that the Chapter has acted in the best interests of the cathedral.

#### **Recording how conflicts of interest or loyalty are managed**

41. The Chapter, each Committee, sub-committee and advisory body must 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 Chapter demonstrate that the Chapter or relevant Committee has acted properly and complied with their duties:
  - (a) the nature of the conflict;

- (b) which Chapter or Committee or sub-committee members or advisory body 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 Chapter or Committee or sub-committee members or advisory body members took the decision in the best interests of the cathedral.
42. In addition, the Chapter must disclose any benefits to Chapter members and to persons or businesses connected<sup>12</sup> to Chapter members, in the annual accounts. The disclosure in the accounts should state under what legal authority the payments or benefits have been made, together with the reason for them.

### **Lobbying of others**

43. A member of the Chapter, Committee, sub-committee or advisory body 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 conflicts**

44. The cathedral has identified the Pilgrims' School (the "School") as a significant area of its activity where conflicts of interest and/or loyalty may arise. Particular conflicts may arise for example because:
- the Residentiary Canon responsible for Education and the Canon Precentor are ex officio governors of the School;
  - a member of Chapter or a member of a Chapter Committee or an advisory body or a member of staff may act as a governor nominated by Chapter;
  - A member of Chapter may have a child or grandchild who is a pupil in the School;
  - governors of the School may also act as Chapter members, sit on Chapter committees or be employed by the Cathedral<sup>13</sup>.
45. A conflict does not arise solely by virtue of the fact that a member of Chapter, or other officer or employee of the Cathedral, is also a governor of the School, or vice versa.
46. A conflict of interest will arise where a person is unable to fulfil their duty to act in the best interests of the Cathedral (or School, as the case may be) because they also owe a duty to act in the best interests of the School (or Cathedral, as the case may be). Examples of situations where the best interests of Cathedral and School may diverge include transactions or arrangements between Cathedral and School.
47. When the best interests of Cathedral and School may diverge, such as when Chapter considers transactions or arrangements with the School, these conflicts will need to be carefully managed in accordance with the protocol set out in paragraph 48 below.

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<sup>12</sup> See Annex A

<sup>13</sup> The Dean has, since 8 December 2021, ceased to be ex officio Chair of Governors, and has since that date become the Visitor of the School. This is not a trustee role involving governance or management of the School but the Cathedral is mindful of any potential conflicts that it may create

48. Before any discussion at a meeting of Chapter where the best interests of Cathedral and School may diverge, such as when Chapter considers transactions or arrangements with the School:
- Any Chapter member who is also a governor of the School will declare their conflict of interest or loyalty and then withdraw, and not participate in discussion or decision-making, and not be counted in the quorum for that part of the discussion or decision-making, although they may remain solely for the purposes of providing background or other information, if so requested by Chapter, and if they are able to do so bearing in mind their obligations of confidentiality.
  - Any Chapter member who has a child or grandchild who is a pupil in the School will, in the event of a discussion about School fees or any other matter which has a direct and individual impact on their child or grandchild (as opposed to School matters generally), declare their conflict and then withdraw, and not participate in discussion or decision-making, and not be counted in the quorum for that part of the discussion.
49. When considering the management of this conflict, it must be borne in mind that the perception of a conflict may damage the reputation of the Cathedral, and/or inhibit free discussion, or result in a decision which is not in the best interests of the Cathedral and is thus open to challenge. Attention should also be paid to ensure that the Chapter meeting remains quorate despite the withdrawal of Chapter members.
50. The provisions of paragraphs 44-49 apply to meetings of Chapter committees and meetings of the Senior Executive Team in relation to their discussions or decisions pertaining to the School.



## **PART D**

### **Register of Interests**

#### **Declaration of interests for Chapter members**

I, \_\_\_\_\_, a member of the Chapter, have set out below my interests that might conflict with those of the Chapter. 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 cathedral. Where there is a conflict of interest and/or potential conflict of interest I will ensure that I declare it so that the Chapter can manage it effectively.

#### **Declaration of interests for Committee and sub-committee members [and advisory body members]**

I, \_\_\_\_\_, a [member of the [ ] Committee] [advisory body], have set out below my interests that might conflict with those of the Chapter. 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 Chapter. 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 Chapter. 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 Chapter. 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

<b>Category</b>	<b>Please give details of the interest and whether it applies to yourself or to a connected person<sup>14</sup></b> <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 <sup>15</sup> 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 Chapter member and whether this was declined or accepted.	
List any contractual relationship with the Chapter or Winchester Cathedral Enterprises Limited.	

<sup>14</sup> See Annex A

<sup>15</sup> 'Significant' means over 5% of issued capital

Please declare any other conflicts of interest not covered by the above	
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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 be used in the manner set out in the Chapter's Privacy Notice.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_

## Annex A

### Definition of “connected person”

- I.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.
- I.2 If there is a doubt about whether a person or business is a “connected person” to a member of the Chapter for these purposes in relation to a proposed transaction or benefit, the Chapter should seek legal advice.
- I.3 In more detail, a person is “connected” with a charity trustee or trustee for a charity if they are:
- (a) a child<sup>16</sup>, parent, grandchild, grandparent, brother or sister of the trustee;
  - (b) the spouse or civil partner<sup>17</sup> 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 controlled<sup>18</sup>:
    - (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 interest<sup>19</sup>, or
    - (ii) two or more persons falling within sub-paragraph (i), when taken together, have a substantial interest.

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<sup>16</sup> Includes a stepchild or an illegitimate child.

<sup>17</sup> 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.

<sup>18</sup> 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.

<sup>19</sup> 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 Interests<sup>20</sup>

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

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 Chapter member with their interests recorded chronologically.

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<sup>20</sup> One register should be kept for Chapter, another for each Committee, sub-committee and any advisory body and a separate one again for staff.