

Business Interests and Pecuniary Interests

There is no clear definition of what constitutes a business interest. Within the model scheme set out in guidance “Schemes for Financing Schools: Section 48 of the School Standards and Framework Act 1998 and Schedule 14 to the Act” it only states: “the scheme must contain a provision which requires the governing body of each school to have a register which lists for each member of the governing body and the head teacher, any business interests they or any member of their immediate family have.” As a minimum the DCSF would expect governors to register any trade or profession along with any direct interest in any company providing goods or services that they or a member of their family may have an involvement in.

When making a decision on what should be disclosed, the individual should bear in mind the basis on which a third party might challenge their decision to disclose or not to disclose information. However, as a general rule, small savings accounts or small shareholdings in quoted companies would not usually need to be disclosed.

A common misconception is that business interests and pecuniary interests are synonymous; this is not so. Pecuniary interest is a wider term which would capture personal financial interests (such as trust funds and investments) as well as potential interests (such as a possible promotion for a teacher governor, for example, where an internal candidate was an applicant for a senior post which, if they were successful, could mean that their post might be available to the teacher governor). These kinds of interests may not always be clear in advance which is why the regulations make provision for any individual governor who may have interest, direct or indirect, in a contract, proposed contract or other matter, which is due for discussion at that meeting to declare any interest at the meeting. Any such statements should be formally recorded within the minutes of that meeting. Some clarification as to what may or may not be a pecuniary interest can be found in Schedule 1 of the School Governance (Procedures) Regulations.

Source: DCSF (Governornet) www.governornet.co.uk