



Mid Essex Anglican Academy Trust

To unlock every child's potential as a unique child of God

Respect – Forgiveness – Trust – Responsibility – Thankfulness – Justice –
Humility



Conflict of Interest Policy

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Conflict of Interests Policy

This policy has been based on the document 'Conflict of Interests: a guide for charity trustees', Charity Commission for England and Wales.

Throughout this policy, unless stated otherwise, the term 'individual' refers to members, trustees, governors and senior employees.

1. Definition of Conflict of Interests

A conflict of interest is any situation in which an individual's personal interests or loyalties could, or could be seen to, prevent them from making a decision only in the best interests of the trust.

A conflict of interest will occur where there is a divergence between an individual's private interests or loyalties (or those of any connected parties) and the interests of the Trust and its academies such that an independent observer might reasonably question whether the individual's actions or decisions are determined by considerations of person/professional gain, whether financial or otherwise.

Conflicts of interest usually arise where either:

- there is a potential financial or measurable benefit directly to an individual, or indirectly through a connected person ('**Benefits to Individuals**')
- an individual's duty to the trust may compete with a duty or loyalty they owe to another organisation or person ('**Conflicts of Loyalty**')

2. Benefits to Trustees

Individuals can only benefit from their trust where there is an explicit authority in place before any decision conferring their benefit is made. Examples of benefits are where the individuals decide to:

- sell, loan or lease trust assets to an individual.
- acquire, borrow, or lease assets from an individual for the trust.
- pay an individual for carrying out their member, trustee or governor role.
- pay a member, trustee, local governor for carrying out a separate paid post within the trust, even if that individual has recently resigned from their post.
- pay a member, trustee or local governor for carrying out a separate paid post as a director or employee of the trust's subsidiary trading company.
- pay a member, trustee, local governor, or a person or company closely connected to them, for providing a service to the trust - this covers anything that would be regarded as a service and includes legal, accountancy or consultancy services through to painting or decorating the trust's premises, or any other maintenance work.
- employ a member's, trustee's, local governor's or senior employee's spouse or other close relative at the trust (or at the trust's subsidiary trading company).
- allow a service user member, trustee or governor to influence service provision to their exclusive advantage.

3. Conflicts of Loyalty

These conflicts of interest arise because, although the affected individual does not stand to gain any benefit, the trustee's decision making at the charity could be influenced by his or her other interests.

For example, a trustee's loyalty to the charity could conflict with his or her loyalty to

- the body that appointed them to the charity
- the membership or section of the charity that appointed them to trusteeship
- another organisation, such as their employer
- another charity of which they are a trustee
- a member of their family
- another connected person or organisation

The test is always that there is a conflict of interest if the member's, trustee's or governor's other interest could, or could be seen to, interfere with their ability to decide the issue only in the best interests of the trust.

Some conflicts of loyalty arise because an individual has a competing legal obligation or duty to another organisation or person. Others result from conflicting loyalties which they may feel towards family, friends or other people or organisations who are part of their network. A conflict of loyalty could also arise where religious, political, or personal views could interfere with the ability of the individual to decide the issue only in the best interests of the trust.

4. Identifying Conflicts of Interest

Individual members, trustees, governors, trust boards and local governing committees must be able to identify any conflicts of interest at an early stage. Each individual must avoid putting themselves in a position where their duty to act only in the best interests of the trust could conflict with any personal interest they may have. In practice this means that:

- individuals who fail to identify and declare any conflicts of interest will fail to comply with their personal legal responsibility to avoid conflicts of interest and act only in the best interests of the trust
- individuals must ensure that any conflicts of interest do not prevent them from making a decision only in the best interests of the trust

The early identification of conflicts of interest is key to ensuring that individuals act only in the best interests of the trust.

5. Managing Conflicts of Interest: The Trust Process

Declaring Conflicts of Interest

A standard agenda item must be included at the beginning of each trust board and sub-committee meetings to enable the declaration of any actual or potential conflicts of interest.

- a) A member, trustee, governor should declare any interest which he or she has in an item to be discussed, at the earliest possible opportunity and certainly before any discussion of the item itself.
- b) If a member, trustee, governor is uncertain whether or not he or she is conflicted, he or she should err on the side of openness, declaring the issue and discussing it with the other trustees.
- c) If a member, trustee, governor is aware of an undeclared conflict of interest affecting another trustee, they should notify the other members, trustees, governors or the Chair.

If a conflict of interest is identified outside of a meeting, the member, trustee or governor must complete a Register of Interest Form (Appendix 1) and submit it to the Chief Financial and Operations Officer/Trust Business Manager.

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On an annual basis, or when an individual joins the Trust, or if an individual's business interests change, a Conflict of Interest Form must be completed to enable the Register of Business Interests to be kept up to date.

Managing the Conflict of Interest

Individuals must make their decisions only in the best interests of the trust. This means that they must consider the issue of the conflict of interest so that any potential effect on decision making is eliminated. How they do this will depend on the circumstances.

Where individuals have decided against removal of the conflict of interest, they must prevent it from affecting any decision or course of action. Trustees are required to declare any interest at an early stage, and, **in most cases, it will be sufficient for them to withdraw from the relevant meetings, discussions, decision-making process and votes.**

In cases of more serious conflicts of interest it may mean the trustees decide to remove the conflict by:

- not pursuing a course of action or
- proceeding with the issue in a different way so that a conflict of interest does not arise or even:
- not appointing a particular member, trustee, governor, employee or securing their resignation.

A serious conflict of interest can include those which:

- are so acute or extensive that the trustees are unable to make their decisions in the best interests of the trust, or could be seen to be unable to do so
- are present in significant or high risk decisions of the trustees
- mean that effective decision making is regularly undermined or cannot be managed in accordance with the required or best practice approach
- are associated with inappropriate individual benefit

This is not an exhaustive list.

Further information on handling serious conflicts of interest are included in Appendix 2.

Where members, the trust board, governing bodies or senior management wish to go ahead with a decision affected by a conflict of interest, they should seek [DfE](#) the authority ~~of the ESFA~~ ensuring that procedures are followed as outlined in the Academy Trust Handbook.

Conflicts of Interest associated with Member/Trustee/Governor/ Benefit

Where there is a proposed financial transaction between a member, trustee, governor and the trust, or any transaction or arrangement involving a member, trustee or governor benefit:

- The member, trustee or governor benefit must be authorised in advance by the [DfE/ESFA](#) (see Academy Trust Handbook for detail).
- The affected member, trustee or governor should be absent from any part of any meeting where the issue is discussed or decided.
- The individual should not vote or be counted in deciding whether a meeting is quorate.
- In the event of a decision being made to award a contract to a member, trustee or governor the trust can only enter the contract if it has been properly procured in a fair and open process and the member or trustee (excludes governors) can provide a statement of assurance confirming that charges do not exceed the cost of goods and services. Refer to Academy Trust Handbook for full requirements.

Note, withdrawing from decision making means withdrawing when the initial discussions and decisions take place, and from any subsequent discussion or decision making on the issue.

Conflicts of Interest associated with a Conflict of Loyalty

Where there is a conflict of loyalty and the affected member, trustee or governor does not stand to gain any benefit and there are no specific governing document or legal provisions about how the conflict of loyalty should be handled, the affected person should declare the interest.

The other members, trustees or governors, must then decide what level of participation, if any, is acceptable on the part of the conflicted person.

Ultimately it is for the members, trustees or governors to decide whether withdrawal is in the best interests of the trust when this type of conflict has been declared. The options might include, but are not limited to, deciding whether the member, trustee or governor:

- Having registered and fully declared the interest, can otherwise participate in the decision.
- Can stay in the meetings where the decision is discussed and made but not participate.
- Should withdraw from the decision-making process in the way described.

In deciding which course of action to take, members, trustees and governors:

- Must always make their decisions only in the best interests of the trust.
- Should always protect the trust's reputation and be aware of the impression that their actions and decisions may have on those outside the trust.
- Should always be able to demonstrate that they have made decisions in the best interests of the trust and independently of any competing interest.
- Should require the withdrawal of the affected person from any decisions where the person's other interest is relevant to a high risk or controversial decision or could significantly affect, or could be seen to significantly affect, the person's decision making at the trust.
- Can allow a member, trustee or governor to participate where the existence of his or her other interest poses a low risk to decision making in the trust's interests or is likely to have only an insignificant bearing on his or her approach to an issue.
- Should be aware that the presence of a conflicted member, trustee or governor can affect trust between members, trustees or governors and could inhibit free discussion and might influence decision making in some way.

The members, trustees or governors can, before their discussion, ask a member, trustee or governor who is withdrawing to provide any information necessary to help make a decision in the best interests of the trust.

Members, trustees or governors cannot use information obtained at the trust for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

Personal Relationships and Family Members

Individuals should declare if they are related to or have a partner who is a member of staff or another member, trustee or governor. Individuals who have declared a partner or family member who is a member of staff must not be involved in the recruitment, selection, appraisal, promotion or other processes involving the member of staff or where conflict of interest may exist.

Applicants for jobs within the trust and its academies will be asked to declare whether they are related to, or are closely acquainted with, any members of the trust board, local governing boards, or senior employees with the trust and its academies.

6. Recording the Conflict of Interest

Minutes

The trust's written records should document any conflicts of interest and how these have been dealt with. The usual way to record the members, trustees, governors or senior employees' decisions is in the minutes of their meetings.

Where there is a conflict of interest, the members, trustees, local governors or senior employees should ensure that the written record of the decision shows:

- the nature of the conflict
- which trustee or trustees were affected
- whether any conflicts of interest were declared in advance
- an outline of the discussion
- whether anyone withdrew from the discussion
- how the members, trustees, governors or senior employees took the decision in the best interests of the trust.

Recording decisions in this way helps members, trustees, governors or senior employees to show that they have acted properly and complied with their duties.

Register of Interests

The Trust must also keep a Register of Interests for the members, trust board, senior employees and for each Local Governing Body, serving at any point over the past 12 months,

which must be published on their websites. This Register of Interest must continuously be kept up to date. A copy of the Register of Business Interests Form is found at Appendix 1.

The trust's register of interests must include their full names, date of appointment, who appointed them and their term of office (for trustees and local governors), date they stepped down (where applicable), and relevant business and financial interests including:

~~capture relevant business and pecuniary interests of members, trustees, local governors and senior employees, including:~~

- directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- for each interest: the name and nature of the business, the nature of the interest and the date the interest began.

The register must identify relevant material interests from close family relationships¹ between the trust's members, trustees or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees.

The trust should consider whether other interests should be registered, and if in doubt should do so. The trust board must keep their register of interests up-to-date at all times.

The trust must publish on its website relevant business and pecuniary interests of members, trustees, local governors and accounting officers, including a nil return where appropriate. The trust has discretion over the publication of interests of other individuals named on the register.

Monitoring

The Trust's Finance, Audit and Risk Committee will undertake continuous monitoring of its activities and the Trustees/Senior Employees to ensure that any conflicts of interest are identified and mitigated as soon as possible.

Individuals who fail to declare an interest and are found to be in conflict with the best interests of the Trust will be expected to explain to the Finance, Audit and Risk Committee their reasons for their omission.

Members reserve the right to terminate the membership of the relevant Trustee, if they are found to have knowingly and deliberately failed to declare an interest and has brought the Trust into disrepute.

¹ A close family relationship/relative is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner

Trustees reserve the right to terminate the membership of the relevant local governor, if they are found to have knowingly and deliberately failed to declare an interest and has brought the Trust into disrepute.

It will be treated as a serious disciplinary matter if a Seor Employee is found to have knowingly and deliberately failed to declare an interest and brought the Trust into disrepute.

If an individual believes any of their number are undertaking activity that leads to personal gain, they should report their concerns following the trust's Whistle Blowing policy.

Appendix 1 – Declaration of Pecuniary and Personal Interest Form

Name:

School:

Position:

I [Name], declare as a Governor/Trustee of [School/Trust Name] that I hold the following personal and/or pecuniary interest(s):

Pecuniary interests	Please provide details of the interest
Current employment	
Businesses (of which I am a partner or sole proprietor)	
Company directorships – details of all companies of which I am a director	
Charity trusteeships – details of all companies of which I am a trustee	
Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management	
Gifts or hospitality offered to you by external bodies while acting in your position as a governor/trustee and whether this was declined or accepted in the last 12 months	
Contracts offered by you for the supply of goods and/or services to the trust/school	
Any other conflict	

Personal interests	Name	Relationship to me	Organisation	Nature of the interest
Immediate family/close connections to governor/trustee				
Company directorships or trusteeships of family/close connections to governor/trustee				

If you are a governor or trustee of any other schools and/or academies, please provide details below:

Name of school/academy:

Position held:

Date appointed/elected to post:

Date of termination to post:

To the best of my knowledge the information supplied above is correct and complete. I understand that it is my responsibility to declare any conflict of interest/loyalty, business or personal that relates directly or indirectly, to myself or any relation in any contract, proposed contract or other matter when present at a meeting at the school where such contract or matter comes under consideration. I understand that I must withdraw from any meeting during the discussion of such contract or matter and must not vote in respect of it.

I agree to review and update this declaration annually and give consent for the information provided to be used in accordance with the trust/school's conflicts of interest policy.

Signed:

Date:

Appendix 2 – Serious Conflicts of Interest

(This appendix is taken from 'Conflicts of Interest: a guide for charity trustees' by Charity Commission for England & Wales)

There are some cases where trust boards are affected by such serious conflicts of interest that they are unable to make their decision in the best interests of the charity or could be seen to be unable to do so. This section describes some of these situations and the factors that trustees should consider when approaching them. The examples and options given are not exhaustive.

Significant or high-risk decisions of the trustees

This could be where there is:

- a conflict involving a significant financial interest where the trustees of a charity, that was founded by a family and has a family member trustee, are proposing to sell the charity's shareholding in a family company
- a conflict of loyalty where the charity is in a significant dispute with another organisation and a trustee is a member of that organisation's governing body

Often these types of decision attract more external interest. It could be harder for trustees to clearly demonstrate or explain that their decision has been made independently of any private interest or competing duty. The very existence of the conflict of interest could be damaging to the charity's interest and reputation.

Here the trustees must consider:

- the issue of the conflict of interest so that any potential effect on decision making is eliminated - this may mean the trustees deciding to remove serious conflicts of interest

In the examples given, removal of the conflict of interest is likely to be achieved by asking the conflicted trustee(s) to resign so that the decision is not undermined by the conflict of interest. If the conflict of interest involves an element of benefit to a trustee who resigns, authority for the benefit would still be required even though s/he has resigned.

If they wish to proceed without removing the conflict of interest, the trustees should consider:

- obtaining independent expert advice about how they should respond to the conflict, including advice on whether any elements of conflict of interest or benefit to a trustee require authority
- getting advice from the Commission, in high risk cases, including advice on whether any elements of conflicts of interest or trustee benefit should be authorised
- appointing new trustees, who are not conflicted, to help decide the issue and demonstrate that the decision is being taken only in the best interests of the charity
- not making trustee appointments which would risk introducing further conflicts of interest

Effective decision making undermined

This could be where a situation develops at the charity which means that:

- the trustees cannot act because the majority of the trustees are conflicted on a particular issue - similarly, the charity might have a sole trustee such as a local authority or parish council which finds that in its trustee and council/authority role, it has an interest in 'both sides' of a transaction or decision
- a large proportion of trustees have interests which conflict with those of the charity - this might be where several of the trustees, or people or companies connected with them, have links with each other
- the interests of one or more of the trustees is regularly in competition with those of the charity

Irrespective of the form a trustee body takes, it must make its decisions based on consideration of the charity's best interests alone.

Where conflicts of interest become too acute or extensive, they can lead to serious problems. The need for individual trustees to withdraw regularly from discussions can mean that the charity loses the benefit of a rounded trustee contribution and poses a challenge to quorate decision making. This situation can adversely affect the charity's reputation.

Here the trustees must consider:

- the issue of the conflict of interest so that any potential effect on decision making is eliminated - this may mean the trustees deciding to remove serious conflicts of interest

In the examples given, removal of the conflict of interest is likely to be achieved by asking trustees to resign if they are subject to significant conflicts, or by not proceeding with a proposed course of action which is affected by a conflict of interest. If the conflict of interest is connected to an element of benefit to a trustee, authority for the benefit would still be required even though s/he has resigned.

If they wish to proceed without removing the conflict of interest, the trustees should consider:

- obtaining independent expert advice about how they should respond to the conflict, including advice on whether any elements of conflict of interest or benefit to a trustee require authority
- getting advice from the Commission, in high risk cases, including advice on whether any elements of conflict of interest or trustee benefit should be authorised
- not making any further trustee appointments which would risk introducing a conflict of interest of this type or scale
- reviewing their trustee appointment provisions and recruitment practices so that more 'independent' people can be appointed

Inappropriate trustee benefits

This could be where:

- a trustee borrows money from, or lends money to, their charity on terms that cannot be justified in the charity's interests

- the level of payment made to a trustee, or person or organisation connected to a trustee, is not commensurate with the size of the charity or the nature of the work involved
- the number of trustees, or people or organisations connected to trustees, benefitting from the charity in some way is too high

The Commission recognises that there are circumstances where trustee payments are allowed or may be justified. However, it will only authorise those transactions where there is a clear justification in the best interests of the charity. Otherwise, it will refuse authority.

Where levels of payment to trustees are excessive or trustee benefits at a charity are widespread, this can create the impression that the charity is set up for the financial reward of its trustees rather than for the public benefit. The more trustees in receipt of benefits from a charity, even if authorised, the bigger the risk and potential disadvantage particularly in terms of managing the associated conflicts of interest and protecting the charity's reputation.

Here the trustees must consider:

- the issue of the conflict of interest so that any potential effect on decision making is eliminated - this may mean the trustees deciding to remove serious conflicts of interest

In the examples given, removal of the conflict of interest is likely to be achieved by not proceeding with a proposed course of action which is affected by a conflict of interest, or by asking trustees to resign if they are affected by significant conflicts. As above, where the conflict of interest is connected to an element of benefit to a trustee, authority for the benefit would still be required even though s/he has resigned.

If they wish to proceed without removing the conflict of interest, the trustees must:

- ensure that prior authority is in place for any trustee benefits

They should, to avoid serious problems:

- ensure, where any trustees are receiving a benefit, that each of the arrangements affecting trustees and the overall balance and extent of payments is clearly justifiable in the interests of the charity
- consider reducing the number of trustees, or people or organisations connected with trustees, in receipt of benefit - the Commission's starting expectation is that the total number of trustees, or connected people or organisations, receiving authorised payments or benefits from the charity are in a minority

If a charity appears to be becoming a vehicle for trustee payments, rather than for the public benefit, the Commission will use its powers to protect its assets.