



## Conflicts of Interest Policy

This policy outlines Discovery Schools commitment to prevent actual and perceived conflicts of interest and ensure all decisions are made for the best interests of the Trust.

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<b>Approved by</b>	Board of Trustees
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<b>Policy/document owner</b>	Finance Director
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<b>Frequency of review</b>	3 years
<b>Next review date</b>	September 2023
<b>Applicable to</b>	Members, Trustees, Advisory Board Members and Senior Employees (including Headteacher, Head of School, Deputy Head, Cluster Leader, Assistant Head and Executive team members).

## Document History

Version	Version Date	Author	Summary of Changes
V1.0(draft)	8/8/18	Finance Director	Thorough policy review. Adaptation made are in line with updated ESFA requirements and Charity Commissions Guide for Trustees. Policy has also been considered in line with related DSAT policies such as Whistle Blowing, Fraud, Disciplinary & Dismissal and Gifts and Hospitality
V1.1(draft)	13/8/18	Finance Director	Sent to Executive team for consultation
V1.0	20/09/18	Finance Director	Approved by the Trust Board
V2.0		Finance Director	References to cluster boards removed. Additional detailed added to the section on identifying conflicts of interest to include a reminder. Additional information for related party transaction costs and authorisation included.

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## **1. Introduction**

This policy provides a framework for ensuring that the decisions and decision-making processes at Discovery Schools are, and are seen to be, free from personal bias and do not unfairly favour any individual or company connected to the Trust.

Members, Trustees, Advisory Board Members and Senior Employees (including Headteachers, Executive Headteachers, Heads of School, Deputy Heads, Assistant Heads and Executive Team members) of the Trust have an obligation to act in the best interest of the Trust and in accordance with its Articles of Association in order to avoid situations where there may be a conflict of interest.

The purpose of this policy is to ensure that:

- Every Member, Trustee, Advisory Board Member and Senior Employee understands what constitutes a conflict of interest
- Every Member, Trustee, Advisory Board Member and Senior Employee understands that they have a responsibility to identify and declare any conflicts that might arise
- Every potential conflict is identified, prevented and recorded, ensuring that the conflict does not affect the decision making of the Trust.

## **2. Definition**

Conflicts of interest is any situation where an individual's personal interests or loyalties could, or could be seen, to prevent them from making a decision in the best interest of the Trust.

Conflicts of Interest usually arise where either:

2.1. - There is a potential financial or measurable benefit directly to the Trustee or Senior Employee, or indirectly through a connected person.

A benefit includes any payments or benefits to a Trustee or a connected person, apart from reasonable out of pocket expenses. Examples include:

- Sell, loan or lease Trust assets to a Trustee or Senior Employee
- Acquire, borrow or lease assets from a Trustee or Senior Employee for the Trust
- Pay a Trustee for carrying out their Trustee role
- Pay a Trustee for carrying out a separate paid post within the Trust, even if that Trustee has recently resigned as a Trustee
- Pay a Trustee or a person or company closely connected to a Trustee or Senior Employee, for providing a service to the Trust – such as legal, accountancy, consultancy or maintenance work.
- Employ a Trustee's spouse or other close relative at the Trust (or subsidiary trading company)
- Make a grant to a Trustee or a person who is a close relative of a Trustee
- Allow a Trustee or Senior Employee to influence service provision to their advantage.

The law states that Trustees can only benefit from the Trust where there is explicit authority, obtained in advance. Authority can be obtained from:

- A clause in the Trust's Articles of Association

- A statutory provision such as a power in the Charities Act which allows Trust's, in some circumstances to pay Trustee's for additional services they provide to the Trust over and above normal Trustees duties
- The Commission
- The Court

2.2. - A Trustee or Senior Employee's duty to the Trust may compete with a duty or loyalty they owe to another organisation or person. This could conflict with their loyalty to:

- Another organisation such as their employer
- Another charity or Trust of which they are a Trustee
- A member of their family
- Another connected person or organisation

### 3. Identifying Conflicts of Interest

Trustees and Senior Employees should avoid putting themselves in a position where their duty to act only in the best interests of the Trust is compromised and therefore have a personal responsibility to declare conflicts of interest if they are to fulfil their legal duty to the Trust.

The Trust have the following mechanisms in place to identify conflicts of interest:

- A standard agenda item must be included at the beginning of each Board, Committee or Advisory Board meeting to enable the declaration of any actual or potential conflicts of interest.
- The Register of Interests will be presented at each full Trust Board meeting and Trustees will be reminded to update their Declarations of Pecuniary Interest form
- Where a conflict or interest is identified outside of the meeting, the Trustee or Senior Employee must complete a Declaration of Pecuniary and Business Interest form (appendix 1) and send to the Trust Clerk/Head of Governance.
- On an annual basis, or when a Trustee, Member, Advisory Board or Senior Employee joins the Trust, a Declaration of Pecuniary Interest form must be completed to enable the Register of Interest to be accurate and up to date.
- On a termly basis all Senior Employees will be sent a reminded to update their Declaration of Pecuniary Interest form
- A related party check will be conducted prior to commissioning any new supplier

If an individual is uncertain whether there is a conflict of interest with themselves or others, openness is encouraged and a declaration should be made and/or a discussion with the Head of Governance.

### 4. Responding to Conflicts of Interest

Trustees or Senior Employees must make their decisions only in the interests of the Trust. This means they must consider conflicts of interest so that any potential effect on decision making is eliminated. How they do this will depend on the circumstances. Individuals are encouraged to seek guidance from the Head of Governance and follow key guidance including:

- ESFA Academies Financial Handbook (3.10)  
<https://www.gov.uk/government/publications/academies-financial-handbook>
- DSAT Articles of Association (point 97 & 98 – Appendix 2)

- Conflicts of Interest: a guide for Charity Trustees  
<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29>

A checklist for addressing conflicts of interest for Trustees has been provided by the Charity Commission and should be used to ensure the correct course of action is taken when a conflict of interest has arisen (appendix 3).

Trustees and Senior Employees are required to declare any interest at an early stage, in most cases it will be sufficient for them to withdraw from any relevant meeting, discussions, decision-making process and votes.

In cases of more serious conflicts it may mean the Trustee or Senior Employee deciding 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 Trustee /employee or securing a resignation.

In line with the Academies Financial Handbook, contracts with a related party exceeding £2,500, cumulatively, in any one financial year, the element above £2,500 will be paid at no more than cost.

## 5. Recording the Conflict of Interest:

The Trust must maintain a Register of Interests for all Trustee's, Cluster Board Governors, Advisory Board members and Senior Employees. Key declarations must be published on the Trust website.

The Register must record:

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

The register must identify any relevant material interests from close family relationships (includes, but is not limited to, a child, parent, spouse or civil partner) between the Trust's members, Trustees or local advisory board members. It must also identify relevant material interests arising from close family relationships between those individuals and employees

All cases of conflicts of interest should be formally recorded, including the details of how they were handled. Trust annual accounts will also disclose any Trustee benefits.

Where a related party transaction occurs, the Trust will report all contracts and agreements to the ESFA in advance of the contract or agreement commencing.

Where a related party transaction occurs that exceeds £20,000 individually or cumulatively within a financial year, the Trust will gain ESFA approval prior to the contract or agreement commencing.

**6. Confidentiality:**

Trustees or Senior Employees cannot use information obtained from 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.

**7. Enforcement:**

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.

If a Senior Employee is found to have knowingly and deliberately failed to declare an interest and has brought the Trust into disrepute this will be dealt with in line with the Trust Disciplinary Policy.

**8. Review**

This policy will be reviewed annually by the Trust Central Executive team to assess its effectiveness and will be updated as necessary. Significant changes will be presented to the Board of Trustees for approval.

## Appendix 1



### Annual declaration of pecuniary and business interest

The Academies Financial Handbook, issued by the Education and Skills Funding Agency (ESFA) sets out the standards for financial management across the Trust. Included within this guidance is the requirement for Members, Trustees, Governors and senior employees to disclose any pecuniary and business interests, direct or indirect to avoid conflicts of interest. All disclosures will form part of a Trust register in addition to publishing any declarations of business and pecuniary interest on our website for **Trustee's, Governors, Accounting Officer's and Member's**.

Name: .....

Position: .....

#### Part A – Business and pecuniary interests

Pecuniary interests	Name of organisation	Nature of business	Details of your interest	Date interest began
Additional employment				
Partners within Businesses- – details of all companies of which I am a Partner				
Company directorships – details of all companies of which I am a Director				
Trusteeships and governorships – details of all educational institutions and charities of which I am a trustee				



Pecuniary interests	Name of organisation	Nature of business	Details of your interest	Date interest began
Any other conflict				

**Part B – Relationships between school staff, members and trustees**

Personal interests	Name	Nature of Relationship	Organisation	Nature of the interest
Close family relationship you have with the Trust Members, Governors, Trustees or employees			n/a	n/a
Company directorships or trusteeships of family/close connections to you				

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.

I agree to review and update this declaration annually.

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

.....

## **Guidance notes**

In the declaration, you must provide details relating to:

- Your ownership or partnership of a company or organisation which may be financially connected to the Trust/school;
- Goods or services you offer which may be used by the Trust/school;
- Any close relationship you have to someone who satisfies either of the above;
- Any close relationship you have to someone who is employed by the Trust/school, is a Trustee, Governor or Member.

Declaring your conflicts of interest is a legal requirement. If you have no interests to declare you must submit the form with a 'NIL' return.

## **Business interests**

A business interest is the involvement of an individual or their family members in any trade or profession, along with any direct interest they may have in any company providing goods or services to the school.

## **Pecuniary interests**

It is a common misconception that pecuniary interests are the same as business interests; however, pecuniary interest is a wider term. Pecuniary interests include personal financial interests, such as involvement in a trust fund or investment, as well as potential interests, for example, where a member of staff's husband is applying for a vacancy in the school or where an employee is involved in the decision over the promotion of a colleague, and where they may be a potential candidate for the post made available.

A direct benefit refers to any personal financial benefit and an indirect benefit refers to any financial benefit you may have by virtue of a relationship to someone who stands to gain from a decision. Both direct and indirect interests must be declared

## **Non-pecuniary interests (Conflicts of loyalty)**

There may be a non-pecuniary interest whereby the individual does not stand to gain any benefit but a declaration should still be made. For example, this might be where a Trustee has a family member working in a Trust school. While the individual might not benefit personally, their judgment could be impaired if something was brought up that would affect the family member.

## **Unforeseen conflicts of interest**

It is acknowledged that interests may not always be clear in advance. Any individual who may have an interest in a matter, which is due for discussion at a meeting, should declare it at the beginning of the meeting. Any such statements should be formally recorded within the minutes of that meeting. As such, declaration of interests should be a standard agenda item at every meeting (Board, Governor and Committee meetings).

## **Responsibility for maintaining the register**

The meeting clerk will normally be asked to maintain a register of pecuniary and business interests. However, it is the responsibility of each individual to declare their interest and the Chair of the Board has the overall responsibility to ensure that all members complete/update it.

## **Appendix 2**

### **DSAT Articles of Association**

#### **Conflicts of Interest**

97. Any Director who has or can have any direct or indirect duty or personal interest (including but not limited to any Personal Financial Interest) which conflicts or may conflict with his duties as a Director shall disclose that fact to the Directors as soon as he becomes aware of it. A Director must absent himself from any discussions of the Directors in which it is possible that a conflict will arise between his duty to act solely in the interests of the Company and any duty or personal interest (including but not limited to any Personal Financial Interest).
98. For the purpose of Article 97, a Director has a Personal Financial Interest in the employment or remuneration of, or the provision of any other benefit to, that Director as permitted by and as defined by Articles 6.5 - 6.9.

## Appendix 3

### Charity Commission Addressing a Conflict of Interest – Checklist

<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29>

Q1. If a trustee has identified that a conflict of interest exists, has the trustee body considered whether the conflict is so serious that it should be removed or they should seek authority for it (see part 4 of guide with link above). If the trustees have decided against removing the conflict of interest or seeking authority for it, go to Q2



Q2. Has the conflict of interest come up because the trustee concerned, will receive a benefit as a result of the decision? (Details of what a trustee benefit is, and which benefits need to be authorised, can be found in part 3 and Annex A of the guide with link above). If yes, go to Q3. If not, go to Q4.



Q3. Is the benefit authorised: by the Trust's governing document?

- by a statutory provision such as section 185 of the Charities Act?
- specifically, by the Charity Commission? (see Annex A of the guide with above link)

If no, the trustees must apply to the Commission for authority for the benefit (see part 3 and Annex A of the guide with link above). Go to Q5. If yes, have the Trust's's trustees complied strictly with the terms of the authority? Go to Q5.



Q4. Even though there is no trustee benefit, are there procedures in place to ensure that the decision can be made only in the best interests of the Trust? (see part 4 of the guide with link above). If no, the Trust's trustees should take advice on their decision, and for the future, ensure that suitable conflicts of interest procedures are put in place and followed. If yes, go to Q6.



Q5. Have the Trust's trustees checked whether they are required to disclose the trustee benefit in the annual report and accounts (see part 4 of the guide with above link) Go to Q6.



Q6. Have the Trust's trustees made a record of the conflict, their approach to dealing with it, and their decision? (see part 4 of the guide with link above).