



# The Diocese of Gloucester Academies Trust

## Conflicts of Interest Policy

Status and review cycle;	Non-statutory and cycle two yearly
Responsible group:	The Trust
Implementation date:	July 2016
Next Review Date:	July 2022

## **Diocese of Gloucester Academies Trust**

### **Conflicts of Interest policy**

#### **1. Policy Statement**

**1.1** The Trust is an organisation with a Christian foundation. The ethos, values and relationships of the Trust, and its associated academies, are central to witnessing to the value of the foundation.

**1.2** The duty to manage conflicts of interest is one of a number of related duties which require charity Trustees to act at all times with honesty and integrity and in the best interests of the charity, not in their own personal interests or those of related or connected parties.

**1.3** It is inevitable that conflicts of interest occur. Consequently, there is a need to ensure that the Trust and its local governing bodies have in place appropriate protocols to manage any conflicts that arise.

**1.4** Whether serving as a Trustee, or as a member of a local governing board, the Trust expects the same high standards of governance to apply. This policy should therefore be followed by members of all governing boards of the Trust, regardless of the specific capacity in which they serve (hereafter referred to jointly as “Governors”).

**1.5** The policy’s aim is to ensure that the Trust’s business is conducted with honesty and integrity; that its decision-making processes are fair and transparent; and that there is full public trust and confidence in its activities.

#### **2. Definitions**

**2.1** For the purpose of this policy, a person is defined as having a ‘business or pecuniary interest’ if they have a monetary or financially vested interest in a business or service, which could prevent the individual from acting in the school’s best interests.

**2.2** ‘Conflicts of interest’ are any situations where an individual’s personal interests or loyalties could, or could be seen to, prevent the individual from making a decision in the best interests of the school.

**2.3** Conflicts of interest may arise in a number of different ways, including but not limited to:

- Direct financial gain or benefit to the Governor, for example: payment to a Governor for services provided to the Trust or its academies
- The award of a contract to another organisation in which a Governor has an interest and from which they will receive a financial benefit
- The employment of a Governor to another position within the Trust

- Indirect financial gain via a connected party, for example, the employment by the Trust of a spouse, partner or close family member of a Governor, where their finances are interdependent
- Non-financial gain where, for example, a Governor is a beneficiary of the Trust's services

**2.4** Conflict of loyalties which arise because, although the affected Governor does not stand to gain any benefit, their decision making could be influenced by their other interests, for example, the body appointing them to the Trust, or relationship to another connected person or organisation

**2.5** It is the potential, rather than the actual, benefit from which the conflict of interest arises which requires identifying and managing even if such a benefit does not materialise.

**2.6** Even the appearance of a conflict of interest can damage the Trust's reputation, so conflicts need to be managed carefully. The responsibility for ensuring that this is done is a collective responsibility of the Trust Board, although the Chair of Governors of both the Trust Board and Local Governing Board and the Clerk have a particular role to play in managing the process.

### **3. General Guidelines**

**3.1** In order to manage conflicts of interest the Charity Commission recommends that Governors should handle conflicts of interest using the following steps:

#### **Identify conflicts of interest:**

- Governors each have an individual personal responsibility to declare conflicts of interest which may be relevant to their role.
- Governing boards should have strong systems in place so that they are able to identify potential and actual conflicts of interest.

#### **Prevent the conflict of interest from affecting the decision**

**3.2** Governors must make their decisions only in the best interests of the Trust or its academies. 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. In cases of serious conflicts of interest, it may mean Governors deciding to remove the conflict by:

- Not pursuing a course of action.
- Proceeding with the issue in a different way so that a conflict of interest does not arise.
- Not appointing a particular Governor or securing a Governor's resignation.

**3.3** Where Governors have decided against removal of the conflict of interest, they must prevent it from affecting their decision in a different way. Governors must:

- Follow any specific requirements in the law or the organisations governing document which deal with conflicts of interest and how they should be managed.
- Where there are no specific governing document or legal provisions ensure that Governors declare their interest at an early stage and, in most cases, withdraw from relevant meetings, discussions, decision making and votes.
- Consider updating their governing document to include provisions for dealing with conflicts of interest.

- Seek the authority of the relevant regulator where the conflict of interest is so acute or extensive that following these options will not allow the Governors to demonstrate that they have acted in the best interests of the organisation.

**3.4** Conflicts of interest often arise because a decision involves a potential Governor benefit. Where this is the case:

- The Governor benefit must be properly authorised
- The Governing Board must follow any conditions attached to the authority which say how the conflict of interest should be handled

## **4. Recording conflicts of interest**

**4.1** Each time a declaration has been made during a meeting or an individual has withdrawn from a discussion, a record will be kept in the meeting minutes.

**4.2** As a minimum, the following information will be recorded:

- The nature of the conflict
- Which Governors were affected
- Whether the conflicts of interest were declared in advance
- Whether anyone withdrew from the discussion
- How Governors reached the decision made
- A description of what was disclosed and in what circumstances
- A cross-reference to an entry in the Declaration of Interests Register
- The Chair of the Governing Board will sign and date the recording

## **5. Declaration of Interests**

**5.1** The Trust's Articles of Association require that any Governor 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 their duties as a Governor shall disclose that fact to the Governors as soon as they become aware of it.

**5.2** Interests of a continuing nature should be declared on taking office, and subsequently renewed each year. A Declaration of Interests Form is provided for this purpose by the Clerk, who will hold the declarations in a register maintained for this purpose.

**5.3** It is the duty of the Clerk to request Governors to review and update their declaration at the start of each academic year.

**5.4** In the event that Governors are aware of any changes to their declaration of interests which might have a bearing on their ability to act in the best interests of the Trust, which arise during the course of the year, they should notify the Clerk immediately, rather than wait until the start of the new academic year.

**5.5** Conflicts of interests which arise on an item by item basis must be declared to the Governors at the commencement of the meeting at which the relevant item of business is to be discussed. Where the conflict may affect the Trust's activities between meetings, the Clerk should be notified, and the Governors informed.

## **6. Meetings: General Proceedings**

Responsible Dept: Governance  
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**6.1** Declarations will be made in writing, unless they are made at a meeting where official minutes are being taken.

**6.2** At the start of each meeting the Chair will ask that any declarations of conflict relevant to the agenda be made known. Governors should also raise the matter during the course of the meeting should a potential conflict arise at any stage.

**6.3** If a Governor is unsure whether they are conflicted, they will declare the issue and discuss it with the rest of the Governing Board.

**6.4** If a Governor is aware of an undeclared conflict of interest affecting another member, they will be required to notify the rest of the Governing Board for appropriate action.

**6.6** If the person making the declaration is the CEO or Headteacher, the declaration will be made to the Chair of the Governing Board.

**6.7** The Governing Board will consider any conflict of interest declared, ensuring that any potential effect on decision-making is eliminated.

**6.8** The Governing Board will consider any conflict of interest declared, ensuring that any potential effect on decision-making is eliminated.

**6.9** If an individual has declared an interest, they will be required to leave the room when the matter is being discussed.

**6.10** Where there is a conflict of loyalty and the affected member does not stand to gain any benefit, they will be required to declare the interest.

**6.11** The rest of the Governing Board will decide on what level of participation in decision-making, if any, is acceptable on the part of the conflicted member.

**6.12** The Governing Board will decide whether the affected member:

- Can participate in the decision, after having registered and fully declared their interest.
- Can stay in the meeting/s where the decision is discussed and made, but not participate.
- Must be withdrawn from the decision-making process.

**6.13** When deciding which course of action to take, the Governing Board will:

- Always make their decisions in the best interests of the Trust and the academy and its pupils.
- Always protect the Trust and its academies reputation and be aware of the impression that their actions and decisions may have on others.
- Always be able to demonstrate that they have made decisions in the best interests of the school and its pupils, and independently of any competing interest.
  - Require the withdrawal of the affected Governor from any decisions where their other interest is relevant to a high-risk or controversial decision or could significantly affect the member's decision-making.
  - Allow a Governor to participate where the existence of their other interest/s poses a low risk to decision-making in the Trust or its academies interest or is likely to have only an insignificant bearing on their approach to an issue.

- Be aware that the presence of a conflicted member can affect trust between other members of the Governing Board, could inhibit free discussion, and might influence decision-making in some way.

**6.14** A Governor must absent themselves from any discussion in which it is possible that conflict will arise between their duty to act solely in the interests of the Trust or its academies and any duty or personal interest (including but not limited to any personal financial interest).

**6.15** A Governor must withdraw and not vote on their own appointment, re-appointment, suspension or removal as a Governor or member of a committee, or as Clerk, Chair or Vice-Chair.

**6.16** In a situation where the principles of natural justice require a fair hearing and there is any reasonable doubt as to a Governor's ability to act impartially, the Governor should also withdraw from the meeting and not vote. Examples of cases where a fair hearing must be given include decisions relating to staff or pupil discipline, or admission of pupils.

**6.17** The restrictions on persons taking part in proceedings do not prevent allowing a Governor, who can offer relevant information on a matter under discussion, or evidence to a case in question, from giving it. However, as soon as the Governors as a body move on to deliberation or decision making, that person should withdraw from the meeting.

**6.18** It is the duty of the Clerk, or person appointed to record the minutes, to note and record in the minutes any declarations of conflict of interest, and the withdrawal and return of members at the point in the proceedings at which this took place.

## **7. Specific Provisions**

**7.1** Consistent with approved models of governance for schools and academies, specific provision is made in the Trust's Articles of Association in relation to:

- A Governor, who is a paid employee of the Trust must absent themselves from the part of any meeting in which there is discussion of:
  - Their employment, remuneration, or any matter concerning their contract, payment or benefit;
  - Their performance in the employment or their performance in their contract.

**7.2** With the exception of the Chief Executive and Headteacher, who will normally remain present in their executive capacity, staff Governors must also absent themselves from the part of the meeting in which there is discussion of employment or performance related matters with regard to particular members of staff.

**7.3** The meeting Clerk may continue to act as Clerk unless their own appointment, pay or disciplinary action against them is under consideration.

## **7.4 Parent Governors**

- A Governor may receive a benefit from the Trust in the capacity of a beneficiary, for example, as a parent or guardian of a child attending one of the Trust's academies
- A Governor, who is a beneficiary, is not regarded as having a financial or pecuniary interest if their interest is no greater than that of other beneficiaries.

## 8. Payment for Goods and Services

**8.1** General guidance on payment to Governors for goods and services is provided by the Department for Education<sup>1</sup>:

- It is legal for Governing Boards to pay for goods and / or services, including those provided by an individual who is serving on a board, although the individual must not put themselves in a position where their personal interests conflict with their duty unless they are authorised to do so. If a conflict does exist, the board should first assure themselves that this in its best interests and will better help it achieve its purposes. The board must manage, and be seen to manage, any conflicts of interest that may arise, and be open and accountable to those with an interest; there would be no advantage of using the services provided by the individual if the need to manage the conflict of interest outweighed the benefit.
- It is essential that all contracts and arrangements for payments of goods and / or services follow proper procurement processes as set out in the Trust Finance Policy. In addition, where a contract is awarded to a Trust Member, Governor or a party connected to them the service / goods must be provided at cost and no profit, subject to the de minimus limit in the Academies Financial Handbook.
- The Trust's articles of association permit such payments provided that the amount is reasonable and prescribed procedures to prevent conflicts of interest are followed.
- It is essential that any financial or contractual relationship does not undermine an individual's ability to continue to act impartially and objectively in their role as Governor.

**8.2** In addition to following these general guidelines, Governors are bound by the following specific provisions in the Trust's Articles:

- No Governor may receive any remuneration from the Trust for acting in the capacity of a Governor other than reasonable expenses properly incurred by them when acting on behalf of the Trust, but excluding expenses in connection with foreign travel.
- No Governor may buy any goods or services from, or sell goods, services, or any interest in land to the Trust or its academies; nor may any Governor receive any other financial benefit from the Trust or its academies, other than in the following circumstances:
  - They receive a benefit from the Trust in the capacity of a beneficiary of the Trust, other than for acting as a Governor.
  - They are employed by the Trust or enter into a contract for the supply of goods or services to the Trust, other than for acting as a Governor.
  - They receive interest on money lent to the Trust at a reasonable and proper rate not exceeding 2% p.a. below the base rate of a clearing bank to be selected by the Trustees, or 0.5%, whichever is the higher.
  - They receive rent for premises let by the Trustee to the Trust if the amount of the rent and other terms of the lease are reasonable and proper.

In such circumstances the Governor in question must absent themselves from any meeting at which any proposal to enter into any such contract or arrangement which would confer such benefit; or any other matter relating to a payment conferring such benefit, is discussed.

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<sup>1</sup> Governance Handbook (January 2019)  
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## 9. Related party transactions

9.1 The Trust will be even-handed in their relationship with related parties by ensuring:

- Trustees will comply with their statutory duties to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements.
- A register of interest has been completed by the Clerk to the Governing Board.
- No member of the Trust or its academies uses their connections to the trust for personal gain.
- All payments are permitted by the Articles of Association or by authority from the Charity Commission.
- The Charity Commission approves payments to a Trustee where there is a significant advantage to the academy.
- Any payment provided to a person satisfies the 'at cost' requirement.
- All related party transactions will be reported to the ESFA in advance of transactions taking place, using the ESFA's [online form](#).
- The ESFA's prior approval will be obtained, using the online form, for contracts for the supply of goods or services to the academy by a related party where any of the following limits apply:
  - A contract exceeding £20,000.
  - A contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August.
  - A contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.
  - For the purposes of reporting to the ESFA, transactions with related parties will not include salaries and other payments made by the academy to a person under a contract of employment through the academy's payroll.
  - The Trust will declare, but not seek approval for, eligible transactions to the ESFA where they are for services that can only be delivered by the diocese. A single upload of evidence relating to the payment of levy for these services will be completed.

9.2 The Trust will obtain ESFA's prior approval for any contracts and other agreements with related parties that are novel, contentious and/or repercussive, regardless of value. Approval will be sought using ESFA's [enquiry form](#).

9.3 When completing the ESFA's online form, all the information required to complete the form will be collected – it is not possible to partially complete a form and then return to it.

9.4 The following information is needed to create a record for the supplier:

- The name of the supplier
- The supplier's address
- The supplier's company number which can be found using the [Companies House website](#) (for limited companies)
- The statement which best describes the relationship between the supplier and the academy
- Confirmation that the supplier is listed on the academy's register of interests
- Confirmation that the academy has a statement of assurance from the supplier
- Confirmation that the academy has an open-book agreement with the supplier

The following information is required in relation to the related party transaction:

- A short description of the goods or services
- Details of the proposed cost
- The start and end date of any contract or agreement
- When seeking approval for a related party transaction, evidence including the following is required:
  - How the academy agreed to the related party transaction
  - That the academy followed its Financial Procedures Policy
  - That the academy tested the market before making a decision
  - How the academy managed any conflicts of interest
- A copy of the agreement and proposed contract

**9.5** The Trust Board and Head of Finance will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the seven principles of public life.

**9.6** The Chair of the Trust Board and the Head of Finance will ensure their capacity to control and influence does not conflict with requirements.

**9.7** The Trust recognises that some relationships with related parties may attract greater public scrutiny, such as:

- Transactions with individuals in a position of control and influence, including the Chair of the governing board and the accounting officer.
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors.
- Relationships with external auditors beyond their duty to deliver a statutory audit.

**9.8** The Trust will keep up-to-date records and make sufficient disclosures in their annual accounts to show accordance with the high standards of accountability and transparency required within the public sector.

**9.9** The Trust's and its academies register of interests will include business and pecuniary interests, including:

- 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.
- Any other interests deemed relevant by the Trust Board.

**9.10** The register of interests will identify any relevant material interests from close family relationships between the Trust Members, Trustees and Local Governors. It will also identify relevant materials arising from close family relationships between those individuals and employees.

**9.11** Relevant business and pecuniary interests of Members, Trustees, Local Governors and the accounting officer will be published on the academy's website.

**9.12** The Company Secretary will maintain a Related Party Transactions (RTP) Register, which will be stored in accordance with the Data Protection Policy.

## **10. Non-compliance**

**10.1** Any member of the Governing Board who fails to reveal information to enable the Governing Board to fulfil its responsibilities might be in breach of the Governor Code of Conduct and, as a result, be bringing the Governing Board into disrepute.

**10.2** The Governing Board will consider suspending a Governor if they fail to declare information that brings the Governing Board's reputation into question.

**10.3** Any member of staff found to be withholding information about a conflict of interest may be subject to disciplinary action in line with the DGAT Conduct Policy.