



## 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>Consultation groups</b>	Head of Governance
<b>Approved by</b>	Finance, Audit & Risk Committee
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<b>Adopted by</b>	n/a
<b>Adopted date</b>	n/a
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<b>Policy/document owner</b>	Finance Director
<b>Status</b>	Statutory
<b>Frequency of review</b>	Every 3 years
<b>Next review date</b>	Sept 24
<b>Applicable to</b>	Members, Trustees, Advisory Board Members and senior employees with delegated expenditure limit (as stated in Trust Financial Regulations).

## 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.
V3.0	09/07/21	Finance Director	Reviewed in line with 2021 Academies Handbook Advisory Board business interests not deemed as related party transactions Clarifies 'senior employees' as those with delegated expenditure limits Clarity for AB members in declaring business interests Updated Declaration of pecuniary & business interest form (appendix 1) ESFA disclosure & approval requirements Diocese not classified as related party Review every 3 years.

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## 1. Purpose

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

The purpose of this policy is to ensure that:

- Every Member, Trustee, Advisory Board (AB) member and senior employee understands what constitutes a conflict of interest
- Every Member, Trustee, AB 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. Policy statement

Members, Trustees, AB members and senior employees (those stated to have delegated expenditure limits within Trust Financial Regulations) of the Trust have an obligation to act in the best interested of the Trust and in accordance with its Articles of Association in order to avoid situations where there may be a conflict of interest.

## 3. Definitions

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 Member, Trustee, AB member or senior employee, or indirectly through a connected person.

A benefit includes any payments or made apart from reasonable out of pocket expenses.

Examples include:

- Sell, loan or lease Trust assets to a Member, Trustee, AB member or senior employee
- Acquire, borrow or lease assets from a Member, Trustee, AB member or senior employee for the Trust
- Pay a Member, Trustee or AB member for carrying out their Member, Trustee or AB 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 senior employee or a person who is a close relative of a Trustee or senior employee
- Allow a Member, Trustee, AB member or senior employee to influence service provision to their advantage.

The law states that Trustee's 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

A Member, Trustee, AB member 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/Member
- A member of their family
- Another connected person or organisation

#### **4. Identifying Conflicts of Interest**

Members, Trustees, AB members 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 of interest is identified outside of the meeting, the Member, Trustee, AB or senior employee must complete a Declaration of Pecuniary and Business Interest form (appendix 1) and send to the Finance Director/Head of Governance.

- On an annual basis, or when a Trustee, Member, AB 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 reminder to update their Declaration of Pecuniary Interest form
- A related party check will be conducted prior to commissioning any new supplier
- The Trust do not deem any conflicts of interest declared by AB members to be related parties (in line with the Academy Trust Handbook) due to the lack of financial authority possessed by AB members and Trust financial systems and practice preventing using their connection with the Trust to gain financially.

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/**Finance Director**.

## 5. Responding to Conflicts of Interest

Trustees, AB's 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/**Finance Director** and follow key guidance including:

- [Academy trust handbook 2021.pdf \(publishing.service.gov.uk\)](#)
- Discovery Articles of Association (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).

Member, Trustees, AB members 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 Member, Trustee, AB member 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 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.

## 6. Recording a Conflict of Interest

The Trust must maintain a Register of Interests for all Members, Trustee's and senior employees (with delegated expenditure limits as directed by the Trust Financial Regulations). Key declarations must be published on the Trust website. The Register must record:

- businesses with significant control
- trusteeships, governorships and memberships at other educational institutions and charities (Diocese will not be classified as a related party for the purpose of this policy)
- 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, AB's or Trustees. It must also identify relevant material interests arising from close family relationships between those individuals and employees

## 7. Related Party Transactions (RPT's)

Discovery must keep sufficient records, and make sufficient disclosures in their annual accounts, to show that transactions with related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

Discovery must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.

Discovery must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the Trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:

- a contract or other agreement exceeding £20,000
- a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August.

For the purposes of reporting to, and approval by, ESFA contracts and agreements

with related parties do not include salaries and other payments made by Discovery to a person under a contract of employment through the trust's payroll.

Discovery must also obtain ESFA's prior approval for any contracts and other agreements with related parties that are novel, contentious and/or repercussive, regardless of value.

## **8. Confidentiality**

Members, Trustees, AB members 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.

## **9. Enforcement**

Members reserve the right to terminate the membership of the relevant Trustee or AB member, 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.

## **10. Related policies**

This policy must be read in conjunction with the Whistle Blowing Policy, Expenses Policy, Gifts and Hospitality Policy, Value for Money Policy and the Fraud Policy.

## **11. Monitoring**

Both internal scrutiny (quality assurance) and annual external audit processes will sample and spot check systems and practice to identify the risk and possibility of fraud. Outcomes will be reported to schools, the Trust Board and ultimately the ESFA. Any resultant actions will be followed up by the Finance Director.

## **12. Review**

This policy will be reviewed every 3 years by the Trust Central Executive team to assess its effectiveness and will be updated as necessary. Significant changes will be presented to the Finance, Audit & Risk for approval

Appendix 1 – Annual declaration of pecuniary and business interests



Name: .....

Position: .....

Part A – Business and pecuniary interests

Pecuniary interests	Name of organisation	Nature of business	Details of your interest	Date interest began
<b>Current employment</b> ( <i>additional to Discovery</i> )				
<b>Businesses with control*</b> <i>*holding more than 20% of share capital (or equiv interest) or having the equiv right to control management decisions of the body or having the right to appoint or remove a majority of the board or governing body</i>				
<b>Trusteeships and governorships</b> – details of all educational institutions and charities of which I am a <b>trustee, governor</b> or <b>Member</b>				
<b>Professional Bodies</b> - Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member <b>AND</b> have a position of general control or management				

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, trustees & possible related parties**

Personal interests	Name	Nature of Relationship	Organisation/school
<p><b>Close family*</b> - relationship you have with any academy trust member, trustee, advisory board member or employee</p> <p><i>*includes but not limited to a child, parent, spouse or civil partner</i></p>			

Personal interests	Name of organisation	Nature of business	Details of their interest	Date interest began
<p><b>Close family* businesses with control** &amp;/or trusteeships or governorships***</b></p> <p><i>*includes but not limited to a child, parent, spouse or civil partner</i></p> <p><i>**holding more than 20% of share capital (or eqiv interest) or having the eqiv right to control management decisions of the body or having the right to appoint or remove a majority of the board or governing body</i></p> <p><i>*** educational institutions and charities of which I am a trustee, governor or Member</i></p>				

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 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 read & comply with the Trust Conflicts of Interest policy & review and update this declaration termly.

*NB: If you have no interests to declare you must submit the form with a 'NIL' return.*

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

## Appendix 2 – Discovery Articles of Association - Conflicts of Interest

[\[INSERT DATE\] \(thinklab.rocks\)](#)

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.

<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 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).