



Conflict of Interest and Related Parties

POLICY

NOVEMBER 2022

CONCORDIA MULTI ACADEMY TRUST

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1. Document Control

Amendment History

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2.0	28/03/2022	Moved to new template
2.1	22.11.22	Annual review

Review Dates

Next Review Date
November 2023

Author(s)

Name	Role
Tracy Webb	Chief Executive Officer

Reviewer(s)

Name	Role
Simon Faircloth	Chief Operations Officer

Approver(s)

Name	Role
Tracy Webb	Chief Executive Officer

2. Introduction

This policy sets out a framework to ensure that decisions and decision-making processes at Concordia Multi Academy Trust are free from personal bias and do not unfairly advantage any individual or company connected to the Trust.

Members, Trustees, Governors and Senior Employees of the Trust have an obligation to act in the best interests of the Trust at all times and in accordance with our Articles of Association in order to avoid situations where there may be a conflict of interest.

The aim of this document is to ensure that: Every Member, Trustee/Director, representative of the Local Academy Board and Senior Employee understands what constitutes a conflict of interest and that they have a responsibility to identify and declare any conflicts that might arise. All conflicts will be recorded, ensuring that they do not affect decision making of the Trust.

Aims

- ◁ The Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the latest Academies Handbook
- ◁ The Trust and those associated with it operate in a way that commands broad public support
- ◁ The Trust has due regard to propriety and regularity, and ensures value for money, in the use of public funds
- ◁ Trustees fulfil their duties and wider responsibilities as charitable trustees and company directors
- ◁ Members, trustees and staff are aware of what constitutes acceptable gifts and hospitality, and the process that must be followed if they are presented with any of the same
- ◁ Systems are in place across the Trust to ensure that pay and appraisal is robust, systems are adhered to, are transparent and fair
- ◁ All members, trustees, representatives of the Local Academy Board within our multi-academy Trust, and senior employees complete a register of interests (which must be retained by the Trust)
- ◁ The Trust ensures that secure measures are in place to manage any conflicts of interest.

Concordia Multi Academy Trust will ensure:

- ◁ No member, trustee, representative of the Local Academy Board, employee or related individual or organisation uses their connection to the Trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the Trust.
- ◁ No payments are to be made to other business entities who employ the trustee, are owned by a trustee, or in which the trustee holds a controlling interest. In exceptional circumstances such payments may be permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State.
- ◁ The Charity Commission's prior approval is obtained where the Trust believes a significant advantage exists in paying a trustee for acting as a trustee.

3. Conflict Of Interest

Definitions

Reference to the 'Trust' should be interpreted as including all its schools.

A relative is defined as a close member of family or a member of the same household, who may be expected to influence, or be influenced by, the Relevant Individual. This includes, but is not limited to, a child, grandchild, parent, sibling, spouse, civil partner or cohabitee.

Having a professional, legal or moral obligation to someone else would include, but is not limited to, disclosure of close family relationships between Relevant Individuals and between Relevant Individuals and other Trust employees.

This Trust adopts the guidance of the Charity Commission, which advises that a conflict of interest is any situation in which a relevant 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.

Conflicts of interest usually arise where either:

- there is a potential financial or measurable benefit directly to a relevant individual, or indirectly through a connected person; or
- a relevant individual's duty to the Trust may compete with a duty or loyalty they owe to another person or organisation.

Examples of benefits are where the trustees or senior employees decide to:

- sell, loan or lease Trust assets to a trustee or senior employee
- acquire, borrow or lease assets from a trustee
- pay a trustee for carrying out their trustee role (other than the CEO)
- 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. 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 trustee's or senior employee's spouse or other close relative at the Trust
- 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 exclusive advantage

Identifying Conflicts of Interest

Relevant Individuals are expected and required to identify and declare formally all interests that might conflict with the interests of the Trust. Those failing 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.

There are a variety of types of conflict that may arise. Examples of interests that should be declared on the register of interest are:

- Directorships or partnerships of businesses
- Trusteeships and governorships at other institutions and charities
- Holding public office
- Significant share holdings or other business interests
- Being an employee, trustee/director, advisor or partner of another business or organisation
- Appointments of influence or control within a business or organisation.

Conflicts could also arise in relation to a wide variety of other circumstances involving trustees, representatives of the Local Academy Board, members and senior leaders. If this occurs, they should be declared at the time that the possibility of a conflict becomes apparent. Examples may include (not exhaustive):

- Being a member of a club, society, group, collective, co-operative or association whether business, professional, recreational, sporting, political, religious or social
- Having received a gift, hospitality or other benefit from someone/an organisation
- Having a professional, legal or moral obligation to someone else
- Being a spouse, partner, relative or close friend, or business or private associate of someone who has one of these interests

Declaring a Conflict of Interest

It is expected that conflicts of interest are declared at an early stage. If an interest is not declared immediately for any reason, there is a legal and moral obligation to declare such an interest as soon as the Relevant Individual becomes aware that it has become an interest that might conflict with the interests of the Trust.

The Conflict of Interest Register will be updated at least annually and published on the Trust website. All Relevant Individuals undertake to notify the CEO of any new conflicts of interests and immediately identify any potential conflicts of interest which they consider have been omitted or overlooked.

All Relevant Individuals are obliged to complete and sign a declaration of their business, pecuniary interests and code of conduct on an annual basis even if their declaration is 'None'.

All formal meetings of the Trust have a standard agenda item at the beginning of each meeting to enable any actual or potential conflicts of interest to be declared.

If a Relevant Individual is uncertain whether or not they have a conflict of interest, they should declare the issue and discuss it with the meeting.

If an individual is aware, or becomes aware, of an undeclared conflict of interest affecting themselves or any other Relevant Individual, they should notify the CEO or clerk immediately.

Managing Conflicts of Interest

All Relevant Individuals must consider their conflicts of interest such that any potential effect on decision-making are eliminated and must follow the legal or governing document requirements on how conflicts of interest must be handled.

Serious conflicts of interest include, but are not limited to, those which:

- Are so acute and extensive that the Trustee is unable to make their decisions in the best interest 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 Trustee benefit.

Where there is a conflict of loyalty and the Relevant Individual does not stand to gain any benefit and the Trust's governing documents do not specify how the conflict of loyalty must be handled, the Relevant individual should declare the interest. The other trustees must then decide on what level of participation, if any, is acceptable on the part of the conflicted Relevant individual.

The options may include, but are not limited to, the decision to:

- allow the Relevant Individual to participate in the decision
- allow the Relevant Individual to remain in the meeting where the decision is discussed but not participate
- require the Relevant Individual to absent him/herself from the part of the meeting in which the issue is discussed or decided.

When deciding which course of action to take regarding the conflict of loyalty, the following must be considered:

- the decision must be made only in the best interests of the Trust. Conflict must pose no risk or low risk to the decision-making being made in the best interests of the Trust
- due regard to the protection of the Trust's reputation must be paid and the impression given to those outside the Trust
- the presence of a conflicted individual could affect Trust between participants of the meeting and inhibit free discussion or influence decision-making.

Minutes should record details of all discussions on potential conflicts of interest and the decisions made.

Register of Business and Pecuniary Interests

The 'Register of Business and Pecuniary Interests' is maintained by the CEO, saved to the Concordia website and also retained on the Concordia network, in accordance with the requirements of the Academies Handbook.

Additional measures to ensure that there are not conflicts of interest:

- **Pay progression**
Pay policies identify that a pay progression of a maximum of 2 points is permitted for teaching and non-teaching staff. The CEO approves pay panel recommendations for teaching and support staff. The pay panel for Headteachers consists of the CEO, chair of LAB and another representative. Any increase of pay that would exceed this amount requires a written request from the school to the CEO and this will be forwarded to a personnel panel of trustees for consideration.
- **Overtime**
overtime must be approved by a member of the senior leadership team within a school.
- **Expenses**
The Charity Commission describes expenses as "refunds by a charity of legitimate payments which a trustee has had to meet personally in order to carry out his or her trustee duties". Expenses include:

- The reasonable cost of travelling to and from trustee meetings, and on trustee business and events
- The reasonable cost of childcare, or care of other dependents (for example, an elderly parent) whilst attending trustee meetings
- The cost of postage and telephone calls on charity business
- Cost of reasonable overnight accommodation and subsistence (including any essential care costs) while attending trustee meetings or other essential events such as voluntary sector conferences or specialist training courses
- The following should not be classified as 'expenses'
- Compensation for loss of earnings whilst carrying out trustee business
- Honoraria payments (small or token sums not intended to reflect the true value of the service provided); or
- Expenses in connection with foreign travel.

Expenses for staff working within Concordia Multi Academy Trust must follow the guidance from within the expenses policy.

- **Use of charge cards**

Schools must adhere to the charge card policy

Confidentiality

Relevant Individuals must not use information obtained directly or indirectly at or from the Trust for their own benefit (financial or otherwise) or the benefit of another individual, entity or organisation. All information obtained shall be deemed to have been obtained in confidence.

Monitoring and Enforcement

The Trust's Audit and Finance Committee will monitor proceedings to ensure that any conflicts of interest are identified and mitigated.

Any Relevant Individual who fails to declare an interest and is found to be acting not in the best interests of the Trust will be required to explain the reasons for their omission and may face appropriate disciplinary action.

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

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

4. Related Party Transactions

The Academy Trust Handbook September 2022 states:

5.36 Academy trusts must be even-handed in their relationships with related parties by ensuring that:

- trustees comply with their statutory duties as company directors to avoid conflicts of interest, not accept benefits from third parties, and declare interest in proposed transactions or arrangements
- all members, trustees, local governors of academies and senior employees complete the register of interests, in accordance with sections 5.45 to 5.48 of this handbook
- no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- there are no payments to trustees by the trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State. Trusts will need to consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest
- the Charity Commission's approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee
- payments provided to the persons referred to in section 5.49 satisfy the 'at cost' requirements in this handbook.

5.37 The trust should be aware of the Charity Commission's guidance for trustees CC11: Trustee expenses and payments.

5.38 The board of trustees must ensure requirements for managing related party transactions are applied across the trust. The board chair and the accounting officer must ensure their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with The 7 principles of public life.

5.39 Trusts must recognise 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 board chair and 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.

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

Reporting and approval of related party transactions

5.41 Trusts 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.

5.42 Trusts 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.

5.43 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 the trust to a person under a contract of employment through the trust's payroll.

Approval of novel, contentious and/or repercussive related party transactions

5.44 Novel, contentious and/or repercussive related party transactions are subject to separate arrangements. Trusts must 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 must be sought using ESFA's enquiry form, not through the related party on-line form. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the board chair and/or the accounting officer.

Trust

Concordia Multi Academy Trust does not permit related party transactions. The Trust do not permit goods or services to be provided by related parties, which includes at cost transactions.

Only in exceptional circumstances, (with written agreement of the Trust Board), the Trust would 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 if 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 the Trust to a person under a contract of employment through the Trust's payroll.

5. Legislation and Guidance

This policy takes its legal framework from the following legislation and statutory guidance:

- ◁ Companies Act 2006
- ◁ Conflicts of Interest: A Guide for Charity Trustees (Charity Commission).

This policy should be read in conjunction with the following other documents:

- ◁ Academies Handbook (Education Funding Agency) September 2022
https://assets.publishing.service.gov.uk/media/61018f99e90e0703b58e8c79/Academy_trust_handbook_2022.pdf
- ◁ Articles of Association
- ◁ Terms of Reference
- ◁ Code of Conduct
- ◁ Acceptance of gifts and hospitality policy
- ◁ Scheme of delegation