

CONFLICTS OF INTEREST POLICY

| Version | Review Date | Update |
|---------|----------------|---|
| 1.0 | March 2016 | Edits and updates made by Nick David-Chief Finance Officer |
| 2.0 | August 2017 | Reviewed and updated for approval |
| 3.0 | September 2018 | Reviewed/updated by the CFO and scrutinised by the Audit Committee for approval by Trust Board |
| 4.0 | September 2019 | Reviewed and updated by the CFO for scrutiny by the Audit Committee and approval by Trust Board |
| 5.0 | September 2020 | Reviewed and updated by the CFO for scrutiny by the Audit Committee and approval by Trust Board |
| 6.0 | September 2021 | Reviewed and updated by the CFO for scrutiny by the Audit Committee and approval by the Chief Executive Officer |

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| Policy Owner | Chief Financial Officer |
| Policy Reviewer(s) | Chief Financial Officer, Trust Governance Manager, Audit Committee |
| Policy Approver(s) | Chief Executive Officer |
| Policy Type | Trust |
| Distribution List | Headteachers Governance Professionals Audit Committee Board of Trustees |
| Display on Website | Trust |
| Display on Intranet | Yes |
| Related Document(s) | Academy Trust Handbook 2021 |
| Policy Effective From | September 2021 |

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| Review Frequency | Annual, in line with updates to Academy Trust Handbook |
| Next Review | September 2022 |

This policy should be read in conjunction with the Academy Trust Handbook 2021, paragraphs 5.35 – 5.48 inclusive (Appendix I).

Please note

References to ‘Trustee’ throughout this document apply equally in context to any Member, Governor, Executive or Senior Leader of the Trust.

References to ‘the Board’ apply equally in context to any committee or subcommittee appointed by the Trust Board.



Trustees have a duty under the law to act in the best interests of the charities they serve. Trustees, generally, should not benefit from the charity and should not be influenced by their wider interests when making decisions affecting the charity. For charitable companies, trustees have a specific legal duty to avoid conflicts of interest under s175 of the Companies Act 2006. A conflict of interest can be defined as:

“... any situation in which a trustee’s personal interests or responsibilities they owe to another body, may, or may appear to influence the Trustee’s decision making.”

Conflicts of interest arise when the interests of Trustees, or “connected persons”, are incompatible or in competition with the interests of the charity. Such situations present a risk that Trustees will make decisions based on these external influences, rather than the best interests of the charity.

The most common types of conflict include:

direct financial interest - when a Trustee obtains a direct financial benefit via:

- the payment of a salary to a Trustee by the charity, other than where permitted under the terms of the Academy Trust Handbook and/or Articles of Association
- the award of a contract to a company with which a Trustee is associated either directly or indirectly
- the sale of property at below market value to a Trustee

indirect financial interest - this arises when a close relative of a Trustee benefits from the charity:

- the awarding of an employment contract to a Trustee’s spouse; and
- making a grant to a Trustee’s dependent child

Non-financial or personal conflicts – occur where Trustees receive no financial benefit, but are influenced by external factors:

- influencing board decisions on service provision to their own advantage, perhaps because they use the charity’s services themselves or care for someone who does
- to gain some other intangible benefit or reputational advantage
- awarding contracts to friends
- conflicts of loyalties - Trustees may have competing loyalties between the charity to which they owe a primary duty and some other person or entity.

It is, therefore, essential that all Trustees are fully aware of their duties and responsibilities and that they must act in the best interests of The Dean Trust alone.

The interests of the beneficiaries of the transaction and those of the charity will - for the most part - be consistent or complementary, but on the occasions where a conflict does arise, the responsibility of all the Trustees is to the charity. This includes access by any Trustee to confidential or privileged information by virtue of their role as Trustee. All Trustees should remain alert to the fact that any information they acquire in their role must remain confidential and not be used for their own personal gain or advantage, or the gain or advantage of another individual, or entity to whom or to which they are directly or indirectly connected either legally or by association.

Occasionally there may be cases where a conflict is in the Trust’s best interests. While the Trustees may act with integrity, the mere appearance of a conflict can be damaging to both the charity and the Trustees, so conflicts need to be managed effectively.

The Trust’s Code of Commitment and Conduct for Trustees is consistent with and supports the conflicts of interest policy and vice versa.

Identifying conflicts of interest

The approach to preventing a conflict of interest from affecting decision-making is to identify potential conflicts in advance. This gives Trustees time to consider the implications and to respond appropriately. To ensure that Trustees remain in an optimal position to manage any real or perceived conflict, declarations of interest are routinely noted at the start of each Trustee meeting in relation to any item covered on the agenda.

By asking Trustees to declare their interests at meetings together with maintaining and regularly updating a register of such interests, the Trust can identify potential conflicts of interests on a continuous basis. This policy on the management of conflicts of interest will inform trustees how any conflict will be dealt with and provide a framework for the board when conflicts arise.

Managing conflicts of interest

It is likely that Trustees will have a multiplicity of business and pecuniary interests, personal and professional that may occasionally conflict with those of the Trust. Avoiding conflicts of interest completely, particularly when appointing a Trustee with skills and experience to benefit the Trust and its objects is challenging. If conflicts of interest are inevitable, they need to be managed effectively.

Within the tiers of governance of the Trust, poorly managed conflicts of interest can harm working relationships and adversely affecting free discussion. Where a Trustee, is known to have an interest in a decision, whether express, implied or perceived, others may feel under pressure, to decide in the interests of their fellow Trustee. Alternatively, they may resent the interest of their colleague and vote against, even when accepting the Trustee's, interest would be the best course of action for the Trust. In both cases, the primary consideration has been a Trustee's interest, not that of the Trust. The Conflicts of Interest Policy is therefore key to managing such conflicts in an open and transparent manner.

Even where the Board is able to make decisions free of these emotional influences, they may feel uncomfortable speaking against the Trustee's, interests in a meeting, or lose confidence in the ability of the individual in question to make decisions free of external influence. Such problems may undermine the Board's ability to function effectively and ensure sound decision making.

Where the Board faces a declared conflict of interest, the individual involved should remove themselves from the discussion. The conflict and action taken to manage it should be recorded in the minutes. Where the individual has withdrawn from the meeting, steps should be taken to ensure that any details of the discussion relating to the conflict of interest are not divulged. This should enable the conflicted individual to continue to exercise their responsibility and to receive minutes of meetings, without gaining access to the minutes of discussion relating to the conflict.

Declaration of interests

All Trustees are mandated to declare their business and pecuniary interests on appointment and at least annually thereafter or when there is any change in their interests at any point. A new Trustee will be provided with a copy of the conflicts of interest policy before appointment. If a potential trustee is concerned about a conflict of interest, actual or perceived, they should consider the requirements of the policy and discuss the matter with the Trust Governance Manager before agreeing to take up the position.

If a Trustees is uncertain about what constitutes a business or pecuniary interest they should seek advice from the Trust Governance Manager.

When asking Trustees, to complete their declaration of interests, the following areas must be considered:

- employment
- any previous employment in which the role still has a financial, or other, interest
- any other appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals
- professional and organisational memberships
- membership of any special interest groups
- investments in unlisted companies, partnerships and other forms of business
- any shareholdings and beneficial interests
- family connections where relevant, such as the Trustee's spouse/partner working for a similar organization, funder or partner organisation
- using, or caring for a pupil of a Dean Trust School, or user of the organisation's services
- any contractual relationship between the Trustee or a connected person and The Dean Trust or its subsidiary.

Register of business and pecuniary interests

The completed declarations should be returned to the Governance Manager or school Governance Professional (Clerk), who will be responsible for keeping the register of interests up to date. A model register can be found below. The register will be updated at the beginning of each academic year with a further update made after six (6) months of the same academic year.

Public access to the register furthers the interests of accountability and transparency, as well as demonstrating that the Trust is following best practice in relation to managing conflicts of interest. The register of interests will be published on The Dean Trust website.

When a conflict of interest does arise, it is the responsibility of the Trustee, to declare such a conflict. If he or she fails to do so, the Chair of Trustees or Governance Manager should declare the conflict, with reference to the Trustee's completed Register of Interest.

Dangers of conflicts of interest

If Trustees allow external interests to influence their decision-making, decisions may not be in the Trust's best interest. This could be costly to the individual concerned and damage the work and reputation of the Trust. The most common dangers arising from a conflict of interest are:

- poor decision-making
- legal challenge
- loss of trust within the boardroom
- reputational damage, including a loss of confidence and public support.



Trustees acting beyond the remit of their governing document or without permission from the Charity Commission, will be in breach of trust. A breach of trust will occur if a Trustee knowingly accepts a benefit from the Trust without proper authority. Such authority may come from legislation, the Charity Commission, the courts, or the Trust governing documents. If the transaction is challenged (e.g. by the Charity Commission, or another interested party) and found to be invalid, the Trustee may be required to pay back any benefit received, or become liable for any loss incurred by the Trust. A breach of trust will also occur should a Trustee fail to discharge the duties imposed on them as defined in legislation or the Trust's governing documents.

Publicity

Even where those with responsibility for governance have acted in the best interests of the Trust, other stakeholders may perceive or suspect that the Board acted in their own interest. Accurate or otherwise, such an impression could damage the reputation of the Trust and, Trustees.

Publicity may be so adverse that it demands a response from the Trust, for example because of interest from the media, a funder or regulator. The Trust will then need to invest time to respond, justifying its actions and defending its reputation.

Data protection

The information held by the Trust in the published register of business and pecuniary interests is subject to the provisions of the UK General Data Protection Regulation. Trustees are told:

- who is controlling the data
- why the information is being processed
- how often records will be updated
- how long records will be retained
- it is necessary to carry out public functions or to pursue the legitimate interests of the data controller without prejudice to the interests of the individual.

Declarations of Business & Pecuniary Interests for Members, Trustees, Governors & Senior Officers 2021-2022

DATA PROTECTION STATEMENT: *The information/data is required by the Trust (as the Data Controller) in order to fulfil legal and regulatory reporting and disclosures. The data will need to be updated annually. It is necessary to carry out public functions or to pursue the legitimate interest of the Data Controller without prejudice to the interests of the individual.*

| Name of Business /Associated Person | Nature of Interest /Association | Date interest began | Date interest ceased | Notes / Relationships |
|---|---------------------------------|---------------------|------------------------|-----------------------|
| | | | | |
| | | | | |
| Personal Interest | Their Name | Relationship to me | | Nature of Interest |
| Immediate family/close connections to Trustees/Governor(s) working in school(s) | | | | |
| Business involvement/company directorships or trusteeships of family/close connections to Trustees/Governors (e.g. a business the school might deal with) | | | | |
| Other Schools where I am a governor | Name of school | Position held | Date appointed/elected | |
| | | | | |

Members, Trustees & Governors are reminded that completion of this form does not remove the requirement upon them to disclose orally any interest at any specific meeting and to leave the meeting for that agenda item.

- the individual has, by signing this document, consented to the processing and that the processing is necessary for the performance of a contract with the individual
- it is necessary to carry out public functions or to pursue the legitimate interests of the data controller without prejudice to the interests of the individual.

Signed: _____

Board: _____



Gifts & Hospitality Register 2021 - 2022

| Offered to | Ultimate recipient (if different) | Offered from | Description of offer | Reason for offer | Details of contracts – current or potential | Estimated actual value of offer (£) | Action taken Accepted / Declined |
|-------------------|--|---------------------|-----------------------------|-------------------------|--|--|---|
| | | | | | | | |
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Appendix I

Extract from Academy Trust Handbook 2021

Related party transactions

5.35 This part of the handbook deals with goods or services provided by or to individuals or organisations related to the academy trust. Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members). The above description is not comprehensive. Find the full definition in:

- section 33 of Financial Reporting Standard 102
- section 9.15 and appendix 1 of the Charities SORP.

The related parties section of ESFA's Accounts Direction provides further information.

Principles applying to related party relationships

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. Find out more about reporting related party transactions to ESFA and obtaining approval.

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.

Register of interests

5.45 The academy trust's register of interests must 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.



5.46 The register must identify relevant material interests from close family relationships between the academy trust's members, trustees or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees. 'Close family relationships' is defined in section 5.49 (third bullet).

5.47 Trusts should consider whether other interests should be registered, and if in doubt should do so. Boards of trustees must keep their register of interests up-to-date at all times.

5.48 Trusts must publish on their websites relevant business and pecuniary interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of interests of other individuals named on the register. The Charity Commission offers guidance in *Manage a conflict of interest in your charity* and CC29: *Conflicts of interest: a guide for charity trustees*.