

<b>POLICY: CONFLICTS OF INTEREST</b>	REF: Legal & Resources Optional Policy	VERSION: 1
APPROVAL BODY:	DATE: July 2016	REVIEW DATE: July 2019
LEAD PERSON:		
<b>VERSION</b>	<b>REVIEWER/APPROVAL</b>	<b>REVIEW NOTES</b>
1. 11 July 2016	Multi Academy Trust Board	New Policy
2.		

## CONFLICTS OF INTEREST POLICY

### 1. Purposes of the policy

- 1.1 As directors of a charitable company limited by guarantee the governors of the Academy have two sets of similar, and largely overlapping, duties to avoid conflicts of interest. The first duty comes from the charity law duty imposed on the governors by virtue of their position as charity law trustees. The second duty comes from company law and is imposed on governors by virtue of their position as company law directors.
- 1.2 The governors have a legal obligation to act in the best interests of the Academy and in accordance with the Academy's memorandum and articles of association (its governing document) and to avoid situations where there is an actual conflict of interests or a potential conflict of interests where it is reasonably perceived that an actual conflict could emerge.
- 1.3 Article 98 of the articles of association imposes on the governors an obligation to disclose any actual or potential conflicts of interest and withdraw from discussions of the governors where it is possible that a conflict of interests may arise.
- 1.4 The charity law duty is derived from common law whereas the company law duty can be found in the Companies Act 2006.
- 1.5 Building on these duties imposed by law, it is the policy of the Academy that all governors and senior staff and Governing Body committee members who are not governors of the Academy must keep to the absolute minimum all unavoidable conflicts of interest between the interests of the Academy on the one hand and the personal, professional and business interests of the governor or senior staff member concerned, and of persons connected with them, on the other. This includes avoiding as far as possible perceptions of conflicts of interest, as well as potential and actual conflicts of interest.
- 1.6 The purposes of this policy are:
- 1.6.1 to ensure that the governors comply with their legal duties;
- 1.6.2 to protect the integrity of the Academy's decision-making process;

- 1.6.3 to enable all outside parties dealing with the Academy to have confidence in the Academy's integrity; and
- 1.6.4 to protect the integrity and reputations of the Academy's governors and senior staff.

## **2. Conflict of interests**

- 2.1 A conflict of interests is any situation in which a governor's personal interests (or a person connected to a governor), or interests that they owe to another body, may (or may appear to) influence or affect the governor's decision making.

## **3. Disclosure of interests**

- 3.1 From the adoption of this policy, or upon being appointed, whichever is later, all governors of the Academy and senior staff will be required to make a full written disclosure of any business or personal relationships held, financial or property interests held, or gifts or hospitality received, that could potentially result in a conflict of interests. A declaration of interests form is provided and must be used for this purpose. Any question about whether a governor has an interest which should be disclosed should be referred in the first instance to the Chair for a determination.
- 3.2 Written disclosures will be kept on a register maintained by the Clerk to the Corporation and all governors and senior staff will be required to update their disclosure as and when their circumstances change. All disclosures will be reviewed on an annual basis at the beginning of each fiscal year. The register will be accessible by governors and the Academy's internal and external auditors.

## **4. Organisation of meetings where a governor has disclosed an interest**

- 4.1 Where a governor has previously disclosed an interest and the Chair or Clerk is satisfied that the interest is relevant to an item on the agenda for a meeting of the Governing Body or of a Governing Body committee the governor concerned may not be sent the papers in respect of that item.

## **5. Management of conflicts of interests in meetings**

- 5.1 This section of the policy should be read in conjunction with Articles 97-98 of the Academy's Articles of Association.
- 5.2 In the course of meetings of the Governing Body or a Governing Body committee and all other activities all governors and senior staff will be required to disclose any interests they have in a transaction or decision where they, their family, their employer or their close business or other associates will or may receive a benefit or gain or they have any other interest of a type identified by the Governing Body. If there is a failure to declare an interest that is known to the Chair] and/or the Chair of the committee or of any such meeting/person responsible for organising such activities and/or the Secretary, the Chair or other such person will declare that interest. After disclosure of any such interest, in the case of a meeting the governor and/or senior staff member concerned will be asked to leave the room (unless expressly invited to remain, possibly in order to provide information on the matter in hand) whilst the matter is discussed. The governor will not be counted in the quorum for that part of the meeting and will not be permitted to vote on the question. In the case of all other activities, the governor or staff member concerned will not be permitted to participate in the consideration or discussion of the matter other than to disclose his or her conflict of interest.

- 5.3 All decisions of the Governing Body or committee made following the declaration of a conflict of interest will be reported in the minutes of the meeting. The report will record:
- 5.3.1 the nature and extent of the conflict;
  - 5.3.2 an outline of the discussion;
  - 5.3.3 the actions taken to manage the conflict.
- 5.4 Where a Governor or senior staff member benefits from any such decision, this will (if the Academy's auditors advise this to be necessary) be reported in the annual report and accounts in accordance with relevant accounting requirements.

## **6. Failure to disclose a relevant interest**

- 6.1 The decision of the Chair as to whether a governor has failed to disclose a relevant interest shall be final. Failure to disclose a conflicting interest may lead to a governor being in breach of the Governing Body's Code of Conduct as well as of this policy. It may also result in the governor being subject to legal action and personal liability for breach of trust and breach of statutory duty under the Companies Act 2006. Such breaches may lead to the Governing Body considering the possibility of suspending or removing the Governor from office. Such breaches by a senior member of staff may lead to disciplinary action being taken under the Academy's staff disciplinary procedures.

## **7. Benefits for governors**

- 7.1 It is a basic principle of charity law that charity trustees, such as Academy governors, should not profit from their position, although trustees are entitled to be reimbursed for reasonable expenses properly incurred in undertaking the business of the charity. This is reflected in Article 6.5 of the Academy's Articles of Association. The Governing Body has approved a policy on reimbursing governors' expenses and governors must comply with this. In addition, Article 6.3 of the Articles of Association allows the Governing Body to insure governors against liabilities arising from their office.
- 7.2 The Charities Act 2011 provides a detailed process whereby, exceptionally, charity trustees or persons connected to them may be allowed to receive payment from the funds of the charity for goods or services provided by them to the charity under a contract for services. This procedure is reflected in Articles 6.8-6.10 of the Academy's Articles of Association, which must be followed if a governor wishes to receive such a payment for him/herself or a connected person.
- 7.3 Charity trustees are not allowed to receive remuneration simply for undertaking their duties as a trustee without the consent of the Charity Commission. This is only granted in exceptional circumstances. Similarly, charity trustees are not allowed to be employed by the charity under a contract of service save where allowed by the charity's governing document (as is the case with the Principal and staff governors), or by law, or with the consent of the Charity Commission, which is only granted in exceptional circumstances.

## **8. Data Protection**

- 8.1 The information provided in disclosures will be processed in accordance with the data protection principles set out in the Data Protection Act 1998. Data will be processed only to ensure that governors act in the best interests of the Academy. The information provided will not be used for any other purpose.

## **9. Review of this policy**

- 9.1 This conflicts of interest policy will be reviewed by the Governing Body every three years or more frequently should circumstances change.