



Policy and Procedure: Conflicts of Interest Policy and Register of Business and Pecuniary Interests Guidance

Version: 4.0

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Date: 16 June 2023

Date of Board Approval: Audit & Risk Committee 16 June 2023 – updated October 2023

Review date: Every 3 years

1 Legal framework

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

- Companies Act 2006
- [Conflicts of Interest: A Guide for Charity Trustees \(Charity Commission\)](#).
- [Academy Trust Handbook \(ATH\)](#)

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

- [Academy Trust Handbook \(ATH\)](#) (Education and Skills Funding Agency)
- Articles of Association
- Terms of Reference
- Code of Conduct.

1.3 This document consists of:

- Conflicts of Interest Policy
- Sample Template for Register of Business and Pecuniary Interests and Conflicts of Interest Acknowledgement Statement
- Appendix 1 Guidance Note on Related Party Transactions.

2 Definition of a Conflict of Interest

2.1 Eastern Multi-Academy 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.

2.2 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.

An example of a conflict of interest would be where a Trustee or Local Governor* (or a close relation of such) is a sole proprietor or partner in a supplier from which a Trust

academy could make purchases and the Trustee or Local Governor is involved with the selection of suppliers.

(* NOTE: A Local Governor means a member of the Academy Committee.)

2.3 To avoid repetition within this document, the phrase 'Relevant Individuals' is used to include all Members, Trustees, Local Governors, Staff in the central Trust (including Clerks) and Senior Staff in each academy (the latter defined for these purposes as the Principal and their direct line reports).

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

3 Background and Statement of Intent

3.1 Eastern Multi-Academy Trust Members, Trustees, Local Governors and Staff have an obligation under both company and charity law to act in the best interests of the Trust and in accordance with its regulatory documents.

In addition, the Trust is subject to rules and regulations in relation to transactions with connected parties. The Academy Trust Handbook makes reference to these as 'related party transactions'. In general terms, related or connected parties include family, relatives or business partners of a Relevant Individual as well as businesses in which a Relevant Individual has an interest through ownership or influence. Appendix 1 of this policy provides guidance on the ATH requirements regarding related party transactions.

Situations may arise where personal, private or family business and pecuniary interests conflict with those of the Trust. This may create tensions, inhibit free and open discussion and result in decisions or actions that are not in the interests of the Trust.

It is vital that the decision-making processes, decisions and the application of decisions at the Trust and its academies are, and are seen to be, free from personal or other bias such that the Trust is not laid open to criticism, challenge or reputational damage. In spending public money, it is imperative that decisions do not unfairly favour any individual or organisation connected to the Trust and that Relevant Individuals do not benefit personally from the decisions that they make.

To this end, all Relevant Individuals are required to declare any business and pecuniary interest which leads to, or may potentially lead to, a conflict of interest and wherever possible, to avoid situations in which there is or may be a conflict of interest. Declarations of business and pecuniary interests are recorded in a Register of Business and Pecuniary Interests.

Any financial transactions between the Trust and related parties are required by legislation to be disclosed in the Trust's published audited accounts each year.

The Trust seeks to identify conflicts of interest and take appropriate action to prevent them from affecting any decisions made, such that the best interests of the Trust are safeguarded.

3.2 This policy sets out the framework for ensuring that decisions are made in the best interests of the Trust. It intends to ensure that every Relevant Individual understands what constitutes a conflict (or potential conflict) of interest; that they must identify and declare any business or pecuniary interest; that they must record such interest in the Trust's Register of Business & Pecuniary Interests and take any necessary actions to ensure the interest does not affect the decision-making of the Trust.

4 Register of Business and Pecuniary Interests

4.1 The Register of Business and Pecuniary Interests is established and maintained by the Company Secretary (in the case of Members, Trustees, Local Governors and relevant central Trust staff), and by the Principal at each academy (in the case of themselves and relevant Senior Staff). The Principal must send a copy of their academy Register to the Company Secretary so that finance teams can have access to a central register to identify a potential related party before inadvertently transacting with one.

4.2 In the case of Members, Trustees and Local Governors, the Register is also published on the Trust website in accordance with the requirements of the Academy Trust Handbook.

5 Identifying Conflicts of Interest

5.1 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.

Examples of interests which should be declared include, but are not limited to, the following:

- Being an employee, director, advisor or partner of another business or organisation;
- Holding another public office;
- Trusteeships and governorships at other institutions and charities;
- Significant shareholdings;
- Owing a debt to someone/an organisation;
- Appointments of influence or control within a business or organisation;
- 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;
- Holding or expressing political, religious or personal views that may indicate prejudice or predetermination for or against a person, group or issue;
- Being a spouse, partner, relative or close friend, or business or private associate of someone who has one of these interests.

In the latter case, the Declaration Form might thus read, for example:

Name of Business	Nature of Business	Nature of Interest	Date from which involved
Educational Resources Ltd	Supplier of educational products	Brother is Managing Director of company	July 2017

5.2 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.

5.3 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.

In this case, the Declaration Form might read, for example:

Name of Business	Nature of Business	Nature of Interest	Date from which involved
King's Lynn Academy	Education	Spouse is a Science teacher at the academy	Sept. 2018

5.4 Significant shareholdings include companies in which the Relevant Individual or relative of the Relevant Individual (taken separately or together) holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company. However, in the case of a company which has shares listed on a recognised stock exchange, an interest must be declared where a Relevant Individual holds more than 1% of the issued capital.

5.5 An organisation is influenced or controlled by the Relevant Individual or relative of the Relevant Individual (taken separately or together) if that individual is able to secure that the affairs of the body are conducted in accordance with the individual's wishes.

5.6 It is expected that such interests would be declared if they might be deemed to conflict with the interests of the Trust e.g. links with firms or organisations from which the Trust does or may wish to buy goods or services; the ownership of shares in or the owing of a debt to a company that does, or might, supply goods and services to the Trust now or at any time in the future. ***If in doubt about whether or not there is a conflict of interest, the recommendation is to declare it.***

6 Declaring a Conflict of Interest

6.1 It is expected that conflicts of interest are identified and 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 at a later date as soon as the Relevant Individual becomes aware that it has become an interest that might conflict with the interests of the Trust and/or might influence their involvement in and/or the conduct of and/or outcome of discussions or decisions being made by the Trust.

6.2 The Register shall be circulated to all Relevant Individuals annually or more frequently. All Relevant Individuals undertake to review the Register and to draw attention to any omissions or changes as and when they occur. ***All Relevant Individuals are required to keep an updated entry record of any conflicts or potential conflicts of interest in the Trust's Register of Business and Pecuniary Interests.***

6.3 ***All Relevant Individuals are obliged to complete and sign a declaration of their business and pecuniary interests even if their declaration is 'None'.***

6.4 ***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. Relevant Individuals are required to declare any interest which they have in an item to be discussed at the earliest opportunity and before any discussion of the item itself.***

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

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

7 Managing Conflicts of Interest

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

Articles of Association (the Trust's governing document)

Article 97 of the Articles of Association states that *“Any Trustee 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 Trustee shall disclose that fact to the Trustees as soon as they become aware of it. A Trustee must be absent from any discussions of the Trustees in which it is possible that a conflict will arise between their duty to act solely in the interests of the Academy Trust and any duty or personal interest (including but not limited to any Personal Financial Interest).”*

[Articles 6.2 – 6.9 of the Articles of Association](#) detail the circumstances in which the Trust may or may not authorise a transaction with, or benefit to, a Member or Trustee of the Trust (or a connected party) and the procedures to follow to ensure that legal authority is assured.

Whilst these Articles specifically refer to the conduct of Members and Trustees, the Trust applies the same requirements to all Relevant Individuals.

7.2 In serious cases, Relevant Individuals may decide that removing the conflict of interest itself is the most effective way of preventing it from affecting decision-making. Serious conflicts of interest include, but are not limited to, those which:

- are so acute and extensive that the individual is unable to contribute to a decision in the best interests of the Trust, or could be seen to be unable to do so
- are present in significant or high-risk decisions of the Trust
- 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 personal gain or benefit.

8 The Decision-making Process

8.1 Charity law states that Trustees can only benefit from the Trust where there is an explicit authority obtained in advance. Authority is required where there is the possibility of benefit, therefore it is imperative that there is proper authority for any situation where a Trustee could benefit, irrespective of whether there is any actual benefit to the Trustee. The Trust seeks to ensure that proper procedures are in place to authorise benefits or potential

benefits to all Relevant Individuals.

8.2 Where there is a proposed financial transaction between the Trust and a Relevant Individual, or any transaction or arrangement which confers a benefit to the Relevant Individual, which does not contravene the Trust's governing documents:

- the benefit must be authorised in advance by the Finance & Operations Committee. If there is no Finance & Operations Committee meeting planned within the time frame of authorisation required, then the Chair of the Finance & Operations Committee and one other member of this Committee can be contacted to authorise the benefit. Where the Relevant Individual is the Chair of the Finance & Operations Committee, then the Chair of the Board plus one other member of the Finance & Operations Committee must authorise the benefit.

Where the Relevant Individual is a Trustee, it may be necessary to obtain the prior written approval of the Charity Commission in accordance with Article 6.6 depending on the nature of the benefit e.g. property transactions.

- the Relevant Individual must absent themselves from any part of the meeting in which the issue is discussed or decided.
- the Relevant Individual must not vote or be counted as part of the quorum for the matter.

8.3 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 which should be duly registered and the rest of those attending the meeting must then decide the acceptable level of participation of the Relevant Individual.

The options may include, but are not limited to, the decision to allow the Relevant Individual to participate in the decision or allow them to remain in the meeting but not participate or require them to absent themselves from the part of the meeting in which the decision is discussed or decided.

8.4 When deciding which course of action to take regarding the conflict of loyalty, the following must be borne in mind:

- the decision must be made only in the best interests of the Trust and be demonstrably so;
- the 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.

9 Records of proceedings

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

10 Confidentiality

10.1 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.

11 Monitoring and enforcement

- 11.1 The Trust's Audit & Risk Committee will monitor proceedings to ensure that any conflicts of interest are identified and mitigated as soon as possible.
- 11.2 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.

12 Policy circulation

- 12.1 This policy will be circulated to every Relevant Individual who shall annually sign a statement which affirms that they have received, read, understood and agreed to comply with the policy.
- 12.2 The Conflict of Interests Policy will be published on the Trust's website and be reviewed in accordance with the Policy Approval Schedule.

Sample Template for Register of Business and Pecuniary Interests and Conflicts of Interest Acknowledgement Statement

Declaration of Business & Pecuniary Interests

Your Name:

Your Role in the Trust (Member/Trustee/Local Governor and/or Staff

Member's Job Title):

Name of Academy (where appropriate):

I declare that I hold the following personal and/or pecuniary interests:

Name of Business/Organisation	Nature of Business	Nature of interest	Date from which involved	Date interest ceased

Annual Conflicts of Interest Acknowledgement Statement

In accordance with the Eastern Multi-Academy Trust's Conflicts of Interest Policy ("the Policy"), I, the undersigned, hereby attest and affirm that I have:

1. Received a copy of the Policy
2. Read and understood the Policy
3. Agree to comply with the Policy.

Signature:

Date:

Please return this form to the Clerk. You are reminded that completion of this form does not remove the requirement for you to disclose orally any interest at any specific meeting and to leave the meeting for that agenda item.

Related Party Transactions – Guidance Note as at September 2023

1. Declaring related party transactions

Academy trusts must declare their intention to enter into a new transaction before confirming the transaction with a related party supplier. This includes transactions being renewed with a related party supplier.

Academy trusts do not need to declare income transactions with related parties. For expenditure related party transactions with a new supplier, academy trusts must confirm whether they have previously received a donation from the related party.

In line with paragraph [5.43](#) of the Academy Trust Handbook (ATH), salaries and other payments made by an academy trust to a related party under a contract of employment, through the academy trust's payroll, are not in scope of this reporting requirement.

Academy trusts must continue to report all related party transactions, regardless of value, in their annual financial statements as set out in the [Academies Accounts Direction](#).

2. Seeking approval for related party transactions

Academy trusts must obtain ESFA's prior approval, using the [online form](#), for related party transactions starting on or after 1 September 2023, that exceed £40,000 for the supply of goods or services to the trust by a related party in the same financial year ending 31 August.

The £40,000 approval threshold applies to single transactions with the same supplier, the transaction value is not aggregated by supplier.

This approval requirement does not apply in the following circumstances:

- transactions for the supply of goods or services to a trust by the following educational establishments:
 - colleges, universities and schools which are sponsors of the academy trust
 - state funded schools and colleges, including academies.

This concession does not apply to transactions with a subsidiary of such a related party.

- transactions for the provision of goods or services to an academy trust with a religious designation, for essential functions fundamental to the academy trust's religious character and ethos which can only be provided by their religious authority.

These related party transactions must continue to be declared to the ESFA via the online form.

Novel, contentious and/or repercussive related party transactions are subject to separate arrangements. Trusts must obtain ESFA's prior approval for any transactions with related parties that are novel, contentious and/or repercussive, regardless of value. Approval must be sought using ESFA's online form. Trusts should carefully consider the impact of this requirement and its relevance to transactions involving the board chair and/or the accounting officer as set out in [ATH 5.44](#).

A single request for approval can be submitted for a series of intended transactions with the same supplier if sufficient detail about each transaction is included in the evidence provided.

For transactions with a start date on or before 31 August 2023, approval will be required for transactions where the cumulative threshold is over £20,000 and the above concessions will not apply, as set out in the [Academy Trust Handbook 2022](#) (5.42). This requirement does not apply to the provision of services to an academy trust with a religious designation, for essential functions fundamental to the academy trust's religious character and ethos which can only be provided by their religious authority.

3. What is a related party?

Related parties include persons and entities with control or significant influence over the academy trust and members of the same group of companies.

You can find a full definition in the:

- [Financial Reporting Standard 102, section 33](#)
- [Charities SORP, section 9.15 and appendix 1](#)
- [Academies Accounts Direction](#)

You can read about the principles applying to related party transactions in the [Academy Trust Handbook section 5.35 to 5.59](#).

4. Preparing to complete the online form

Academy trusts must declare all expenditure transactions and seek approval where necessary before confirming such transactions with a related party using the [online form](#).

The [checklist](#) sets out the type of evidence to provide when seeking approval for a related party transaction.