

The 3-18 Education Trust

Conflicts of Interest Policy

Every individual is in a great school.

Approved: Autumn Term 2024

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Introduction

This policy sets out the responsibilities for identifying and managing actual and potential conflicts of interest when acting on behalf of The 3-18 Education Trust (Trust).

Those involved in governance at the Trust can also ask the Trust's Governance Professional for further guidance.

A conflict of interest is any situation in which personal interests or loyalties could, or could be seen, to prevent an individual from making a decision only in the best interests of the Trust. Conflicts of interest will usually fall into one of the following categories:

- financial interests
- non-financial interest
- loyalties or duties

See the sections below for further guidance on identifying conflicts.

Who This Policy Applies To

This policy applies to:

- All Trustees ('the Trustees').
- All Members of the Trust.
- All members on the Trust's Local Governing Bodies.
- All members of the Executive Team and Headteachers of the Trust.
- All external members of the Trustees' committees.

In this policy where it refers to a 'Decision Maker' it is referring to the holder of each of the above posts.

Fundamental Principles

It is important that confidence in the good governance and probity of the Trust is maintained. In order to achieve this, Decision Makers must ensure all decisions they make on behalf of the Trust are free from any undue influence. Decision Makers are expected to act with integrity, honesty, selflessness and objectivity when making decisions on behalf of the Trust (or when advising the Trust) and to act in a way that promotes the best interests of the Trust.

In order to maintain high standards of conduct, probity and ethics it is also important that Decision Makers are accountable and open about the decisions or action taken including in relation to the management of conflicts of interest. The Trust has adopted an open culture to managing conflicts to:

- allow Decision Makers to feel comfortable with declaring interests and any conflicts that arise, safe in the knowledge that they will be dealt with in accordance with this policy; and
- enable Decision Makers to say if one of fellow Decision Makers appears to have a conflict of interest. By doing so Decision Makers are not calling their colleague's integrity into question.

The basic rule is that those involved in governance have an overriding statutory obligation not to put themselves in a position where their duty as a Decision Maker conflict with any personal

interest they may have. However, it is recognised and understandable that conflicts will arise from time to time because having outside interests and expertise may bring significant benefits to Decision Makers' governance role and the work of the Trust.

Where conflicts are unavoidable, they must be effectively managed in the best interests of the Trust. This means it is the Decision Maker's responsibility to identify and manage conflicts of interest by:

- **Disclosing** outside interests that could give rise to potential conflicts so that relevant people are aware of these in advance.
- **Determining** whether Decision Makers have an actual or perceived conflict before being involved in any decision on behalf of the Trust.
- **Managing** any conflicts as they arise, in a manner that protects the integrity of the Trust's decision making while allowing Decision Makers to give the right level of input to enable the best decisions. Whilst the Board will ultimately decide how to manage a conflict, Decision Makers also need to make their own personal judgement about it.

Identifying Conflicts of Interest

The obligations set out in this policy derive from the general fiduciary duties owed by Trustees under charity law and, as Trustees are also directors, under the Companies Act 2006, which sets out specific requirements in relation to conflicts of interest. The Trust also has obligations in respect of the effective management of conflicts of interest under the terms of its Funding Agreement(s) with the Secretary of State for Education and the Academy Trust Handbook.

Conflicts of interest can inhibit open discussions and may result in irrelevant considerations being taken into account or decisions being made that are not in the Trust's best interests. They can also damage the reputation of the Trust if it appears that Decision Makers are influenced by personal interests or loyalties or have acted improperly. All Decision Makers must therefore be alert to the possibility that they, or others, could be affected by a conflict of interests.

The Trust's articles (see articles 97-98) sets out certain procedures in relation to conflicts of interest. This policy should be read in conjunction with the articles, and in the case of conflict the articles take precedence over this policy.

When considering if Decision Makers have a conflict of interest, those involved in governance must be aware of the following principles:

- A conflict of interest exists if there is a possibility that Decision Maker's personal interest could influence their decision-making, even if the decision-making is not in fact adversely affected by the conflict. A reasonable perception that a conflict of interest exists can be enough for Decision Makers to be in breach of their duties; and
- the interest that gives rise to a conflict may be direct or indirect and, in particular, a conflict may relate to the interests of someone who is connected to a Decision Maker (e.g. a partner or child) (a "connected person") as well as to the Decision Maker's own personal interests.

It is not practicable to set out every situation which may result in a conflict of interest, but common situations include:

Direct financial gain or benefit

- Selling, loaning or leasing Trust assets to a Decision Maker.
- The Trust acquiring, borrowing or leasing assets from a Decision Maker.
- Paying a Decision Maker (or a company at which they are a director) to provide goods or services to the Trust or a company or organisation in which the Trust has an interest or is connected with.
- Paying a Trustee for carrying out:
 - their role as Trustee;
 - a separate paid post at the Trust; or
 - a post at a trading subsidiary or any other company or organisation that the Trust is interested in or connected with.

Indirect financial gain or benefit

- Where the financial gain or benefit accrues to a family member, business or employer of a Decision Maker.

Non-financial gain or benefit

- Where a Decision Maker can exploit any information or opportunities as a result of the Decision Maker's role.

Conflict of loyalty or duty

- Where a Decision Maker owes a duty to any other body (regardless of what capacity that duty is owed) that may conflict with their duty to the Trust, for example their employer, another organisation that they are a trustee or director of or a member of their family. This can arise even where the Decision Maker does not have a monetary interest or does not stand to personally benefit.

Declaration of Interests

Decision Makers have a personal responsibility to declare any interest that might reasonably be regarded as potentially giving rise to a conflict.

On appointment, those involved in governance must complete a declaration of interests form:

- Listing any personal interests, business interests or other direct or indirect interests that might potentially give rise to a conflict of interests.
- Listing any interests of persons connected to them that may give rise to a conflict of interest.
- Declaring any gifts or hospitality received or offered to them as part of their Decision Maker's role.
- Confirming that they are not aware of any conflict, other than those already disclosed, that exists between their governance role and their personal circumstances or other interests.
- Confirming the directorships, partnerships and employment that they are involved with or hold.
- Listing any other trusteeships or governorships at other educational institutions or charities.
- Confirming that they will update the form annually, or sooner if any changes occur.
- Confirming that they will declare any conflict that arise in the future.

The Governance Professional will be responsible for maintaining a register of interests that will be accessible to all Decision Makers and the Trust's auditors.

The register of interests must include the information prescribed by the Academy Trust Handbook at paragraphs 1.46 to 1.47:

1.46 The register must include their full names, date of appointment, term of office, date they stepped down (where applicable), who appointed them and relevant business and financial interests 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.

1.47 The register must identify relevant interests from close family relationships between the academy trust's members, trustees or local governors. It must also identify relevant interests arising from close family relationships between those individuals and employees.

The Academy Trust Handbook also states:

The trust must also publish on its website up-to-date details of its governance arrangements in a readily accessible format, including:

- register of business and financial interests for members, trustees, local governors and accounting officers, including a nil return where appropriate

It is for Decision Makers to decide which matters to declare but, if in doubt, they should make a declaration. If Decision Makers would like to discuss an issue, then they can contact the Chair or Governance Professional for confidential guidance.

Whilst the declaration will need to be made annually, it is Decision Makers' responsibility to keep their declaration up-to-date and to promptly notify the Governance Professional of any changes between annual declarations.

The Trust shall take advice from its auditors in respect of the disclosure of interests and, in particular, related party transactions in the preparation of its annual report and accounts to ensure full compliance with the Statement of Recommended Practice.

The information provided by Decision Makers will be processed in accordance with data protection principles as set out in the Data Protection Act 2018 and UK GDPR. Personal data will be processed only for the purposes set out in this policy and as required by any statute or any regulatory body, and not for any other purpose.

Conflicts of Interest

In accordance with article 97 of the articles, if a Decision Maker has or can have any direct or indirect duty or personal interest which conflicts or may conflict with their governance duties they must disclose that to the Trustees or those involved in the meeting as soon as the Decision Maker become aware of it.

One of the first items on the agenda of each governance meeting will be a standing item requiring all attending the meeting to declare any conflicts of interest relating to the matters to be discussed at the meeting.

If a Decision Maker consider a colleague attending the meeting has an actual or potential conflict, they must inform the Chair as soon as possible and always before any discussion of the relevant matter. The declaration must specify the nature and extent of any direct or indirect interest that

gives rise to the conflict. The Decision Maker must absent themselves from any discussions of the Trustees, a committee or local school committee in which it is possible that a conflict will arise between the Decision Maker's duty to act solely in the interests of the Trust and any duty or personal interest.

If the Chair is declaring a conflict, they must inform the other meeting members.

If Decision Makers are uncertain whether or not they are conflicted, Decision Makers must err on the side of openness and declare the interest. In deciding what course of action to take, Decision Makers must always base decisions on what is in the best interest of the Trust.

The Governance Support Team member must note all conflicts declared in the minutes of the meeting in which they were declared or, if not declared in a meeting, in the minutes of the next governance meeting.

Conflicts that are identified outside of a meeting must be declared by giving written notice to the Governance Professional.

Assessing Conflicts at Meetings

The way in which conflicts are dealt with will depend on the nature and extent of the conflict. The non-conflicted Decision Makers must therefore:

- assess the nature and extent of the conflict;
- assess the risk or threat to decision-making by the Trustees or Local Governors;
- decide whether the conflict is serious (for example, the conflict is acute or extensive, will or may be seen to prevent the Trustees or Local Governors from making decisions in the best interests of the Trust, relates to a significant decision or risks significantly damaging the Trust's reputation); and
- decide what steps to take to handle the conflict.

When considering the conflict, Decision Makers must take all relevant factors into account, make decisions only in the best interests of the Trust and always protect the Trust's reputation.

The conflicted Decision Maker must not take part in any discussion or decision about the conflict and how to handle it and will not be counted in the quorum for that part of the meeting.

Management of Conflicts of Interest

If the conflict arises owing to a financial transaction between the Trust and a Decision Maker (or a connected person), or because a Decision Maker (or a connected person) will or may obtain a benefit from the Trust:

- any potential or proposed benefit must be authorised in advance (see section 9 below); and
- the conflicted Decision Maker must:
 - withdraw from all discussions and decisions in relation to the matter; and
 - not be counted in the quorum for that part of the meeting.

For all other conflicts, the conflicted Decision Maker must withdraw from all discussions and decisions in relation to the matter.

Any Decision Maker who declares a conflict of interest during the course of a meeting should remove themselves from the meeting for the duration of that agenda item.

All decisions relating to conflicts of interest will be recorded in the minutes, including:

- Whether any Decision Maker declared a conflict of interest.
- The nature of the declared conflict of interest.
- That the Decision Maker removed themselves from the meeting.
- The actions taken to manage the conflict.

If a Decision Maker benefits from any decisions of the Trust, if the Trust's auditors advise it is necessary, it will be reported in the Trust's annual report and anywhere else that it legally required.

Procedure for Declaring Interests in Transactions and Arrangements

If Decision Makers have a direct or indirect interest in any proposed transaction or arrangement, they must declare the nature and extent of that interest before the transaction or arrangement is entered into.

If Decision Makers have a direct or indirect interest in a transaction or arrangement that has already been entered into by the Trust but they have not declared that interest, they must declare the nature and extent of that interest as soon as is reasonably practicable.

If a declaration made under either of the previous two paragraphs proves to be or becomes inaccurate or incomplete, Decision Makers must make a further declaration giving correct information about the nature and extent of their interest.

A declaration made under any of the previous three paragraphs must be made either at a meeting of the Trustees, committee or local school committee or by sending written notice to the other Trustees/local school committee members and/or Governance Professional.

Trustee Benefits and Related Party Transactions

Articles 6.2 to 6.9 of the articles sets out the procedure and circumstances in which the Trust can authorise a transaction or arrangement that is with or that will benefit a Trustee.

If Decision Makers receive a benefit without proper authority, this will be a breach of trust and Decision Makers may be liable to repay all or part of the benefit to the Trust.

Failure to Disclose an Interest

The failure by Decision Makers to declare a conflict of interest is serious and will be in breach of this policy. Decision Makers may also be in breach of trust and breach of statutory duties (for Trustees) and may be subject to legal action.

The Trust may also consider the possibility of removing Decision Makers from office or being subject to disciplinary proceedings in these circumstances.

Policy Monitoring and Enforcing.

To ensure that disclosures are kept up-to-date, Decision Makers will be asked to review and update their disclosures annually as required by section Declarations of Interest.

If Decision Makers become aware of a breach of this policy, they must report it to the Chair as soon as possible.

The Trustees have implemented this policy in order to monitor and manage conflicts of interest. Any failure to comply with the terms of this policy will not, in itself, result in a decision of the Trustees being invalidated or in any liability to the Trust's beneficiaries.

The Chair must:

- report all breaches of the policy of which they are aware to the Trustees at the next Trustee meeting; and
- ensure that all breaches are noted in the minutes of the relevant Trustee meeting.

The Audit & Risk Committee will review a random small sample of decisions each year to monitor adherence with this policy. If there are any breaches of this policy found by this review, or raised by anyone else, they will discuss these with the relevant individual in the first instance and, if it warrants escalation, then with the Chair.

Reports on this policy, including information about any breaches or management of conflicts declared, will be provided at least annually to Audit & Risk Committee and the senior executive team.

If Decision Makers are concerned that a conflict exists which has not been dealt with in accordance with this policy, Decision Makers should raise this with the Chair or Governance Professional or in accordance with the Trust's Whistleblowing policy.

Links to other Policies and Procedures

Governance Code of Conduct
Gifts and Hospitality Policy
Anti-Fraud, Corruption and Bribery Policy
Whistleblowing Policy
Scheme of Delegation

Further guidance on the management of conflict of interests can be found here in the Charity Commission guidance "Conflicts of interest: a guide for charity trustees (CC29)" and "Manage a conflict of interest in your charity" which are also referred to by the DfE in its Governance Handbook.

<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29/conflicts-of-interest-a-guide-for-charity-trustees>

<https://www.gov.uk/guidance/managing-conflicts-of-interest-in-a-charity>

Policy Review

Monitoring

The Chief Executive Officer and Governance Professional will monitor the outcomes and impact of this policy on an annual basis.

Review

Member of Staff Responsible	Chief Financial Officer
Relevant Guidance/Advice/Legal Reference	Academy Trust Handbook Companies Act 2006 Charities Act 2011
Policy Adopted By	Trust Board
Consultation	
Date of Policy	Autumn Term 2024
Review Period	Annually
Date of Next Review	Autumn Term 2025