

Diss High School

Conflicts of Interest Policy

Reviewed Annually

Introduction

The academy is required to comply with the academies financial handbook with regard to conflicts of interest and related party transactions. This requires that no member, trustee, governor, employee or related individual or organisation uses their connection to the academy trust for personal gain.

Definition

A conflict of interest is any situation in which a trustee's personal interests or loyalties could - or could be seen to - prevent the trustee from making a decision only in the best interests of the academy.

Implementation

In order to do this the trustees and senior staff will:

1. IDENTIFY conflicts of interest

Trustees and staff each have an individual personal responsibility to declare conflicts of interest which may affect them. All governors and senior staff will therefore be required to complete a declaration of interests return on an annual basis. This return should record:

- All business interests of any significance.
- Offices or posts held with other organisations
- Interests of close relatives where there may be any possibility that the academy has dealings with that person/organisation

In addition there will be an agenda item at all meetings of the governing body to allow declarations of interest to be made.

If a trustee is uncertain whether or not he or she is conflicted, he or she should err on the side of openness, declaring the issue and/or discussing it with the chairperson or clerk.

Senior staff and others who make financial decisions or are involved in financial or purchasing decisions on a regular basis must ensure any conflict is identified and declared immediately.

If any employee perceives there may be a potential conflict of interest in making a decision but is uncertain as to the correct course of action he/she should initially speak to the Headteacher or business manager.

If a trustee or employee is aware of an undeclared conflict of interest affecting another trustee or employee, they should notify the Chairperson, clerk or Headteacher

2. PREVENT the conflict of interest from affecting the decisions Trustees and managers must make, ensuring their decisions are made only in the best interests of the academy. This means that they must consider the issue of the conflict of interest so that any potential effect on decision making is eliminated. How they do this will depend on the circumstances.

Where trustees have decided against removal of the conflict of interest they must prevent it from affecting any decision or course of action

Trustees are required to declare any interest at an early stage and, in most cases it will be sufficient for them to withdraw from the relevant meetings, discussions, decision-making process and votes

In cases of more serious conflicts of interest it may mean the trustees deciding to remove the conflict by:

- not pursuing a course of action or
- proceeding with the issue in a different way so that a conflict of interest does not arise or even:
- not appointing a particular trustee/employee or securing a trustee resignation.

3. RECORD conflicts of interest. Declared interests will be recorded in a register and updated annually. If interests change the academy should be advised (via the business manager/clerk).

Any conflict of interest which arises in the course of business must be declared at the relevant meeting and will be recorded (normally in minutes).

4. DISCLOSE details of any payments and other benefits to any trustees or connected persons. This includes family members and businesses, disclosures will be identified to auditors and recorded in the annual accounts/report.

Relevant interests declared by trustees will be listed on the academy website. Trustees will use discretion to determine whether or not a minor or relatively insignificant interest should be included in the public declaration.

GUIDANCE TO TRUSTEES AND STAFF

a) The charity commission expects individual trustees and trustee bodies to be able to identify any conflicts of interest at an early stage. The law says that each individual trustee must avoid putting themselves in a position where their duty to act only in the best interests of the charity could conflict with any personal interest they may have. In practice this means that:

- individual trustees who fail 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 academy
- the governing body must ensure that any conflicts of interest do not prevent them from making a decision only in the best interests of the charity.

The early identification of conflicts of interest is key to ensuring that trustees act only in the best interests of the charity

- a conflict of interest exists even where there is the possibility that a person's personal or wider interests could influence decision making
- even the perception that there is a conflict of interest can damage the academy. Where the perception is not accurate because there is no conflict of interest, the trustees should always be able to respond appropriately to the situation by managing the risks and being prepared to explain how they have made their decisions only in the best interests of the academy.
- Conflicts of interest may relate to a trustee's or employee's personal interests and the interests of those connected to them. This means that there is a conflict of interest where there is a proposed transaction or agreement between the academy and a connected person or a benefit or a potential benefit to a connected person
- The Charity Commission encourages trustees to make the operation of the charity as transparent as possible and therefore this policy is made available on the academy website, together with details of interests declared.
- The Governing body will consider conflicts of interest as a pre-appointment issue. Prospective trustees will be asked about potential conflicts of interest, and these will be declared to other trustees prior to appointment. Where prospective trustees are likely to be subject to serious or

frequent conflicts of interest, the trustees will seriously consider whether that trustee should be appointed.

Conflicts may arise where:

- there is a potential financial or measurable benefit directly to a trustee/employee, or indirectly through a connected person; or
- there is personal gain including benefits or terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- a trustee's duty to the charity may compete with a duty or loyalty they owe to another organisation or person

b) Benefits to trustees

Trustees can only benefit from their charity where there is an explicit authority in place before any decision is made. Examples of benefits to trustees are where the trustees decide to:

- pay a trustee for carrying out their trustee role
- pay a trustee for carrying out a separate paid post within the charity, even if that trustee has recently resigned as a trustee
- pay a trustee for carrying out a separate paid post as a director or employee of the charity's subsidiary trading company
- pay a trustee, or a person or company closely connected to a trustee, for providing a service to the charity. This covers anything that would be regarded as a service and includes legal, accountancy or consultancy services through to painting or decorating the charity's premises, or any other maintenance work
- employ a trustee's spouse or other close relative at the academy (or at a subsidiary trading company)
- Allow a trustee/employee or their relative special privileges
- Make exceptions to normal policy for a trustee/employee or their families

In all the above examples a trustee or employee with a conflict of interest must withdraw from the decision making process.

In addition, Trustees must not use information obtained at the charity for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

c) Conflicts of loyalty

Conflicts of interest may arise because, although the affected trustee does not stand to gain any benefit, the trustee's decision making at the academy could be influenced by his or her other interests.

For example, a trustee's loyalty to the academy could conflict with his or her loyalty to

- another organisation, such as their employer
- another charity or academy of which they are a trustee
- a religious or political group
- a member of their family
- another connected person or organisation e.g. trade union, charity

The test is always to examine motivation and identify whether there is a conflict of interest where the trustee's other interest could (or could be seen to) interfere with the trustee's ability to decide the issue only in the best interests of the academy.

Some conflicts of loyalty arise because a trustee has a competing legal obligation or duty to another organisation or person. Others result from conflicting loyalties which trustees owe or may feel towards family, friends or other people or organisations who are part of the trustee's network. A conflict of loyalty could also arise where the religious, political or personal views of a trustee could interfere with the ability of the trustee to decide the issue only in the best interests of the academy.

d) Identifying low risk conflicts of loyalty

Deciding that a conflict of interest is low risk, and that the affected trustee can participate in the decision, is a judgement for the trustees. It will depend on the particular decision and relevant circumstances. The trustees must take all relevant factors into account and be ready to explain their approach if asked.

Each trustee's legal duty to act only in the best interests of the charity means in practice that individual trustees who fail to declare any conflicts of interest will fail to comply with their trustee duties. Staff who fail to declare interests may be subject to disciplinary procedures.

e) Withdrawing from decision making where there is a conflict of loyalty

Where there is a conflict of loyalty and the affected trustee does not stand to gain any benefit:

- the affected trustee should declare the interest. The other trustees must then decide what level of participation, if any, is acceptable on the part of the conflicted trustee. Ultimately it is for the trustees to decide whether withdrawal is in the best interests of the academy when this type of conflict has been declared. The options might include deciding whether the trustee:
 - having registered and fully declared the interest, can otherwise participate in the decision.
 - can stay in the meetings where the decision is discussed and made but not participate
 - must withdraw from the decision making process completely

The trustees can, before their discussion, ask a trustee who is withdrawing to provide any information necessary to help make a decision.

Any conflicts of interest will be documented, usually in the minutes of meetings. Where there is a conflict of interest, the trustees will ensure that the written record of the decision shows:

- the nature of the conflict
 - which trustees were affected
 - whether any conflicts of interest were declared in advance
 - an outline of the discussion
 - whether anyone withdrew from the discussion
- and where relevant:
- how the trustees took the decision in the best interests of the academy.