



# Conflicts of Interest Policy

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## Document provenance

This policy was approved by Trustees as follows –

Approver: Audit and Risk Committee

Date of Approval: June 2020

Executive Leadership Team (ELT) Owner:  
Director of Governance and Strategy

Date of Review: June 2022

*Unless there are legislative or regulatory changes in the interim, this policy will be reviewed every 2 years. Should no substantive changes be required at that point, the policy will move to the next review cycle.*

### Summary of policy:

This policy explains the reason for the annual declarations, confirms the process and how the declaration will be used by E-ACT. It ensures that all E-ACT staff and trustees understand and adhere to the requirements set out in this policy.

### Summary of changes at last review:

- Removed reference to 'AAG' and changed this to Ambassadors
- Included additional footnotes to link to supporting legislation.
- Included reference to the annual declaration of interest form now being an online form to complete.

### Related documents:

- Procurement Policy<sup>1</sup>

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<sup>1</sup> <https://insight.e-act.org.uk/policies/procurement-policy>

# Conflicts of Interest Policy

## 1. Introduction and purpose

- 1.1. E-ACT is a charitable company limited by guarantee and governed by its Articles of Association (AoA). The Trustees of E-ACT are both Company Directors and Charity Trustees.
- 1.2. Trustees have a legal obligation to act in the best interests of E-ACT, to act in accordance with its governing document, and to avoid situations where there may be a potential conflict of interest. Staff have similar obligations.

## 2. Scope

- 2.1. This policy applies to E-ACT Trustees and E-ACT members of staff.

## 3. Legislation and regulation

- 3.1. The Following Legislation and Regulations apply in respect of this Policy:

- Companies Act 2006 ss175 and 177<sup>2</sup>
- Education and Skills Funding Agency (ESFA) Academies Financial Handbook 2019<sup>3</sup>
- ESFA Academies Accounts Direction<sup>4</sup>.

## 4. Conflicts of Interest / Declarations of Interest

- 4.1. A conflict of interest is a situation in which your personal interests' conflict with the interests of E-ACT.
- 4.2. A conflict of duty is where a conflict arises as a result of you owing duties to other organisations under company and/or charity law (for example, being a Trustee at more than one organisation or working in E-ACT whilst sitting on a Board of another multi academy trust).
- 4.3. A conflict of interest may arise as a result of circumstances affecting a person connected with you. 'Connected persons' can include individuals who are family members and other bodies in which you or your family members have certain interests.
- 4.4. Trustees, as directors of the company, are subject to a number of statutory duties which are set out in the Companies Act 2006<sup>5</sup>. One of these statutory duties is to avoid actual and potential conflicts of interest. The duty to avoid conflicts also arises under Charity Law. Staff members have similar duties.
- 4.5. Importantly, as the duty extends to avoiding potential conflicts. Conflicts should be declared in advance; you should not wait until a situation of conflict has actually arisen.

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<sup>2</sup> <http://www.legislation.gov.uk/ukpga/2006/46/section/177>

<sup>3</sup> <https://www.gov.uk/guidance/academies-financial-handbook>

<sup>4</sup> <https://www.gov.uk/guidance/academies-accounts-direction>

<sup>5</sup> <http://www.legislation.gov.uk/ukpga/2006/46/contents>

4.6. As a result, Trustees and staff need to be conscious of conflicts at all times. Staff should consider whether there is anything, or any connection, which could potentially divert their focus from considering promoting the success of E-ACT.

4.7. E-ACT will manage potential conflicts of interests by ensuring that:

- There is systematic capturing of Declarations of Interests;
- Conflicted individuals/organisations are removed from the decision-making process. This will include, but is not limited to, the original decision to enter into a contract with the related party, periodic contract performance reviews and/or contract renegotiation/renewal;
- Competitive procurement procedures are followed in line with E-ACT's procurement policy;
- Decision making is based on a value for money assessment.

## 5. Declaration of Interests

5.1. Trustees, Members, the Executive Leadership Team (ELT), Extended Executive Leadership Team (EELT), Headteachers and members of academy senior leadership teams (SLTs) are required to declare their interests in connection with their role in E-ACT.

5.2. A Declaration of Interests Form is distributed annually, listing the types of interest that should be declared. This form is in line with the ESFA Academies Financial Handbook, which requires academy trusts to maintain a Register of Interests which '**must** capture relevant business and pecuniary interests of members and trustees of academies within a multi-academy trust and senior employees.'

5.3. The Register of Interests will be published on the E-ACT webpage and updated at least annually with any new declarations.

5.4. The Register of Interests will be presented annually to trustees for review.

5.5. The Declaration of Interest form – or other such form that meets regulatory requirements and is approved by the Director of Governance and Strategy – should be completed:

- By all new Trustees, Members, members of the Executive Leadership Team, Regional Directors, and academy senior leadership teams, and taken into consideration prior to appointment;
- By all new employees prior to starting work;
- By all new Ambassadors, including the Chairs of Ambassadors on their appointment;
- Annually by all existing Trustees, employees, and E-ACT ambassadors;
- When any existing Trustee, Member, member of the Executive Leadership Team, Regional Directors, and academy senior leadership teams becomes aware of a new interest;
- When any staff member is promoted to a new role.

5.6. These details will be held on the Human Resources (HR) file for the individual. The finance team will be informed of any business interests.

5.7. When the individual is a Trustee, a Member, a member of ELT, Extended ELT or a member of the national team, or a Headteacher, the declaration of interest will also be recorded by the governance team.

- 5.8. Trustees shall be made aware of any possible conflicts of interest involving prospective Trustees or senior staff members.
- 5.9. Each agenda for Trustee Committee and Board meetings will include an item for identification of any conflicts of interest or potential conflicts of interest. Any new interests declared in this way will be entered in the Register of Interests.
- 5.10. If there is any uncertainty about whether an interest gives rise to a conflict, the other members of the committee have the right to determine by a majority decision (without the interested Trustee or staff member being present) whether a conflict exists in the circumstances. Any determination regarding the existence of a conflict will be made by a vote of un-conflicted members based on an objective evaluation. In the event of a split vote, independent external moderation will be used where conflicts cannot be resolved.
- 5.11. Once it has been established that a conflict exists in relation to a particular agenda item, that situation must be managed by:
- The member absenting themselves from any discussions in relation to the matter;
  - Not taking part in any vote on the matter; and not being counted in the quorum in relation to that decision.
  - Minutes of the meetings of trustees at which conflicts are an issue will record the nature of the conflict and determinations regarding the conflict;
  - The relevant person's non-participation with respect to consideration of the matter;
  - Any limitation on the person's ability to act with respect to such matter;
  - Any alternatives that were discussed;
  - The names of persons present for discussion; and the votes taken regarding the conflict.

## **6. Related Party Transactions (RPTs)**

- 6.1. ESFA's Academies Accounts Direction sets out that, for academy trusts, related parties include:
- Parties with control over, or controlled by, the entity (for example parent and subsidiary companies);
  - Parties having significant influence over the entity;
  - Key management personnel of the entity, including any director, whether executive or otherwise;
  - Close family members of any of the above;
  - Others subject to control or significant influence by any individual referred to above.
- 6.2. Such transactions are permitted under Company Law, Charity Law and under the ESFA Academies Financial Handbook, provided that open and transparent procurement procedures have been followed, and any potential conflicts of interest are adequately and appropriately managed.
- 6.3. As of April 2019, the ESFA require related party transactions in advance over a certain limit, and the finance team will keep an up-to-date list of business interests to aid this disclosure. To address this within E-ACT, all related party transactions must be agreed with the CFO before being committed.

6.4. Any related party transactions and potential conflicts between the interests of E-ACT and the interests of an individual must be:

- Identified;
- Declared;
- Managed in accordance with the Articles;
- Minuted.

## **7. Related Party Interest Disclosure Requirements**

7.1. Accounting standards require related party transactions to be disclosed in a reporting entity's financial statements so that users can gain a full understanding of the transactions which have taken place, and any factors that might have influenced them.

7.2. Where related party transactions have occurred, the Academies Accounts Direction stipulates that disclosure must be made and should include:

- the names of the related parties;
- a description of the relationship between the parties
- a description of the transactions
- the amounts involved
- the amounts due to or from related parties at the balance sheet date, and any provisions for doubtful debts or amounts written off.

7.3. The Department for Education (DfE) also require related party transactions, as defined in the ESFA Academies Financial Handbook, to be at cost only, with no profit allowed.

7.4. Any connected party supplying goods or services to E-ACT **must** complete the Statement of Assurance to confirm that the goods and services are being supplied 'at cost' only.

## **8. Additional considerations where interests arise from potential benefits to a Trustee**

8.1. As a charitable company, only the members of the company may authorise conflicts, but this is only permissible if there is an express provision in the E-ACT Articles. When authorising conflicts, Trustees must always consider their own statutory duties by, for example, considering whether authorising the conflict is in the best interests of the Trust.

## **9. Training**

9.1. All E-ACT senior staff, Ambassadors, Members and Trustees must read and understand fully their obligations in uploading the requirements set out in this policy. Familiarisation with this policy should occur as part of induction at E-ACT.

9.2. Where necessary additional support and training can be provided through the governance team.

## **10. Responsibilities**

10.1. All Members, Trustees, Ambassadors, and employees are responsible for ensuring they

complete their Annual Declaration of Interest forms.

- 10.2. For new starters, the Human Resource lead for the region or national team will be responsible for ensuring the form is completed and any business interests declared to the finance team and/or the governance team as appropriate.
- 10.3. For Members and Trustees, the Company Secretary is responsible for ensuring annual submission of declarations, as well as updating any new interests declared throughout the year.
- 10.4. The finance team are responsible for ensuring compliance with the related party transaction requirements.

## **11. Monitoring and Compliance**

- 11.1. The Governance Team shall keep a Register of Interests and shall ensure that the register is updated at least annually.
- 11.2. The Governance Team will annually issue (online) the Declaration of Interest forms to all Trustees, Members, the Executive and extended Executive leadership Team, Headteachers and the national team and will collate a central register of interests. These persons must notify the governance team of any in-year changes which need to be made to their entry in the register of interests **when those changes occur**.
- 11.3. The Audit and Risk Committee will review the Register of Interests annually. The register will also be placed on E- ACT's website for full transparency.
- 11.4. Full registers will be kept, both of any conflicts declared and any conflicts actively managed within meetings, and/or benefits which the Board has authorised, including the date such authority expires (if relevant) and any restrictions or limitations on the authority. This will include such benefits as payment for contract of services.
- 11.5. All transactions with Trustees and persons connected with them shall be reported to the auditors and noted in E-ACT's Annual Accounts as Related Party Transactions in accordance with the Statement of Recommended Practice on charity accounting.

## **12. Policy Review**

- 12.1. This policy will be reviewed by the Audit and Risk Committee every two years.