

Conflict of Interest Policy

TRUST PRAYER

We thank you God of Love, for the gift of children,
bless the work of our Trust, that in all we do
young people may grow in wisdom and stature,
and so come to know you,
to love you
and to serve you,
as Jesus did.

We make our prayer in his name who is God
with you and the Holy Spirit, now and for ever.

Amen.

Contents

1. Our Mission	4
2. Introduction and definitions	5
3. Legal Framework	6
4. Conflicts of Interest	7
5. Gifts and Hospitality	12
APPENDIX A – POLICY REVIEW AND REVISION SCHEDULE	14

1. Our Mission

- 1.1. To create a Trust in which our schools will thrive under the leadership of headteachers, supported and challenged by local governing bodies and accountable to the Board of Trustees.
- 1.2. We will achieve this by living our values of:
 - Collaboration
 - Valuing the Local
 - Valuing Difference
 - Inclusion.
- 1.3. We want to ensure that all our children to flourish and reach their full potential, within the explicit Christian culture of our schools.

2. Introduction and definitions

- 2.1. This Policy sets out the Framework for ensuring that the decisions and decision-making processes at Liverpool Diocesan School Trust are, and are seen to be, free from personal bias and do not unfairly favour any individual or company connected to the Trust.
- 2.2. Members, Directors, Governors and Senior Employees of the Trust have an obligation to act in the best interests of the Trust and in accordance with its Articles of Association in order to avoid situations where there may be a conflict of interest.
- 2.3. Situations may arise where family interests or loyalties conflict with those of the Trust. They may create problems as they can inhibit free discussions, result in decisions or actions that are not in the interests of the Trust and risk the impression that the Trust has acted improperly.
- 2.4. The aim of this Policy is to ensure that:
- Every Member, Director, Governor and Senior Employee understands what constitutes a conflict of interest and that they have a responsibility to identify and declare any conflicts that might arise.
 - Every potential conflict of interest is identified, prevented and recorded, ensuring that the conflict does not affect the decision-making of the Trust.
- 2.5. For the purpose of this document:
- Liverpool Diocesan Schools Trust is referred to as The Trust;
 - Directors are those members of the Board of Directors of the Trust;
 - Senior Employees are the (Executive) Directors employed by the Trust; and
 - Students refers to all students being educated or on site at any one of the schools within The Trust.

3. Legal Framework

3.1. This Policy takes its legal framework from the following legislation and statutory guidance:

- Companies Act 2006;
- Conflicts of Interest: A Guide for Charity Trustees (CC29);
- Manage a conflict of interest in a charity (The Charity Commission);
- The ESFA Academy Trust Handbook; and
- The Memorandum and Articles of Association of The Trust.

4. Conflicts of Interest

What is a Conflict of Interest?

- 4.1. The Trust adopts the definition of the Charity Commission which states that a Conflict of Interest is any situation where a Trustee or Senior Employee's personal interests or loyalties could, or could be seen, to prevent the Trustee or Senior Employee from making a decision in the best interests of the Trust.
- 4.2. Conflicts of interest usually arise in the following situations:
- *Benefits to Members/Directors/Governors/Senior Employees* - There is a potential financial or measurable benefit directly to a Members/Directors/Governors or senior employee, or indirectly through a connected person. Examples of benefits are where the Members/Directors/Governors or senior employees decide to:
 - sell, loan or lease Trust assets to a Member/Director/Governor or senior employee;
 - acquire, borrow or lease assets from a Member/Director/Governor for the Trust;
 - pay a Member/Director/Governor for carrying out their role;
 - pay a Member/Director/Governor for carrying out a separate paid post within the Trust, even if that Member/Director/Governor has recently resigned as a Member/Director/Governor;
 - pay a Member/Director/Governor, or a person or company closely connected to a Member/Director/Governor or senior employee, for providing a service to the Trust. This covers anything that would be regarded as a service and includes legal, accountancy or consultancy services through to painting or decorating the Trust's premises, or any other maintenance work;
 - employ a Member/Director/Governor's or senior employee's spouse or other close relative at the Trust;
 - make a grant to a Member/Director/Governor, or a person who is a close relative of a Member/Director/Governor; and
 - allow a Member/Director/Governor or senior employee to influence service provision to their exclusive advantage
 - *Conflict of Loyalty* - a Member/Director/Governor's or senior employee's duty to the Trust may compete with a duty or loyalty they owe to another organisation or person. A conflict of loyalty could also arise where the religious, political or personal views could interfere with the ability of the Member/Director/Governor or senior employee to decide the issue only in the best interests of the Trust. For example, a Member/Director/Governor's or senior employees' loyalty to the Trust could conflict with his or her loyalty to:
 - another organisation, such as their employer
 - another charity or trust of which they are a trustee/director

- a member of their family
- another connected person or organisation

The test is always that there is a conflict of interest if the Member/Director/Governor's or senior employees other interest could, or could be seen to, interfere with the Member/Director/Governor's or senior employees ability to decide the issue only in the best interests of the Trust.

Identifying the Conflict of Interest

- 4.3. Members/Directors/Governors and Senior Employees are expected to identify any conflicts of interest at an early stage.
- 4.4. A standard agenda item must be included at the beginning of each Board of Directors' and Sub-Committee Meetings to enable the declaration of any actual or potential conflicts of interest.
 - If a Member/Director/Governor is uncertain whether or not he or she is conflicted, he or she should err on the side of openness, declaring the issue and discussing it with the other trustees.
 - If a Member/Director/Governor is aware of an undeclared conflict of interest affecting another Member/Director/Governor, they should notify the other Members/Directors/Governors or the Chair.
- 4.5. If a conflict of interest is identified outside of a meeting, the Member/Director/Governor or Senior Employee must complete a Conflict of Interest Form and submit it to the relevant Clerk of the Board of Directors or Local Governing Body.
- 4.6. On an annual basis, or when a Member/Director/Governor or Senior Employee joins the Trust, a Conflict of Interest Form must be completed to enable the Register of Interest to be kept up to date.

Dealing with the Conflict of Interest

- 4.7. Members/Directors/Governors must consider the conflict of interest so that any potential effect on decision-making is eliminated.
- 4.8. Where available, legal or governing document requirements on how a conflict of interest must be handled is to be used, however, in serious cases, it can be decided that removing the conflict of interest itself is the most effective way of preventing it from affecting the decision-making.
- 4.9. Examples of Important legal or governing document requirements are:
 - Academy Trust Handbook, Trading with Connected Parties, which deals with goods or services provided by individuals or organisations connected to the academy trust which must only be provided at cost.
 - The Trust's Articles of Association.
- 4.10. Serious conflicts of interest include, but are not limited to, those which:
 - Are so acute and extensive that the Member/Director/Governor is

unable to make their decisions in the best interest of the Trust, or could be seen to be unable to do so.

- Are present in significant or high-risk decisions of the Members/Directors/Governors.
- 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 Member/Director/Governor benefit.

4.11. *Benefits to Member/Director/Governor/Senior Employees* - Where there is a proposed financial transaction between a Member/Director/Governor/Senior Employee and the Trust, or any transaction of arrangement:

- The benefit must be authorised in advance by the Board of Directors, or the Audit Finance and Risk Committee. If there is no meeting planned within the time frame of authorisation being required, then the Chair of the Board of Directors and one other Director can be contacted to authorise the benefit. If the person affected is the Chair of the Board of Directors then three other Directors must authorise the benefit.
- The Members/Directors/Governors expects the affected Member/Director/Governor to be absent from any part of any meeting where the issue is discussed or decided.
- The affected individual should not vote or be counted in deciding whether a meeting is quorate.

4.12. *Conflicts of Loyalty* - Where there is a conflict of loyalty and the affected Member/Director/Governor does not stand to gain any benefit and there are no specific governing document or legal provisions about how the conflict of loyalty should be handled, the affected Member/Director/Governor should declare the interest. The remainder of the Members/Directors/Governors must then decide what level of participation, if any, is acceptable on the part of the conflicted Member/Director/Governor. The options might include, but are not limited to, deciding whether the conflicted Member/Director/Governor:

- 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.
- Should withdraw from the decision-making process in the way described above.
- If a conflict of interest is raised outside of a meeting and there is no meeting planned within the time frame of the conflict needing to be reviewed, the Chair of the Board of Directors plus one other Director can be contacted to consider the conflict of interest and determine the resolution. If the person affected is the Chair of the Board of Directors then three other Directors must consider the conflict of interest and determine the resolution. The resolutions must be recorded on the

Conflict of Interest Log.

- 4.13. In deciding which course of action to take regarding a Conflict of Interest, Members/Directors/Governors:
- Must always make their decisions only in the best interest of the Trust
 - Should always protect the Trust's reputation and be aware of the impression that their actions and decisions may have on those outside the Trust.
 - Should always be able to demonstrate that they have made decisions in the best interest of the Trust and independently of any competing interest.
 - Should require the withdrawal of the affected Member/Director/Governor from any decisions where the Member/Director/Governor's other interest is relevant to a high risk or controversial Member/Director/Governor decision or could, or be seen to, significantly affect the Member/Director/Governor's decision-making at the Trust.
 - Can allow the Member/Director/Governor to participate where the existence of the other interest poses a low risk to the decision-making in the Trust's interest, or is likely to only have an insignificant bearing on their approach to an issue.
 - Should be aware that the presence of a conflicted Member/Director/Governor can affect trust, could inhibit free discussion, and might influence decision-making in some way.

Recording the Conflict of Interest

- 4.14. The Trust must keep a Register of Interests for the Board of Directors, Senior Employees and for each Local Governing Body, which must be published on their websites. This Register of Interest must be kept up to date through regular review.
- 4.15. The Academy Trust Handbook covers what must be captured in the Register of Interest and what must be published on the website and is extracted below:
- 4.16. *"The academy trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors and senior employees, including directorships, partnerships and employments with businesses, trusteeships and governorships at other educational institutions or charities, and for each interest: the name and nature of the business, the nature of the interest and the date the interest began."*
- 4.17. A Declaration of Interest Log must be kept by each Board of Directors and Local Governing Body, which details the potential conflicts, the discussions and the resolutions.
- 4.18. The Logs will be monitored by the Audit Finance and Risk Committee to ensure that actions forming part of the resolution are appropriate, are following legal requirements and have been implemented correctly.

Confidentiality

- 4.19. Members/Directors/Governors or Senior Employees cannot use information obtained from the Trust for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

Monitoring and Enforcement

- 4.20. The Trust's Audit Finance and Risk Committee will undertake continuous monitoring of its activities and the Members/Directors/Governors/Senior Employees to ensure that any conflicts of interest are identified and mitigated as soon as possible.
- 4.21. Members/Directors/Governors and Senior Employees who fail to declare an interest and are found to be in conflict with the best interests of the Trust will be expected to explain to the Audit Finance and Risk Committee their reasons for their omission.
- 4.22. Members reserve the right to terminate the membership of the relevant Member/Director/Governor, if they are found to have knowingly and deliberately failed to declare an interest and has brought the Trust into disrepute.
- 4.23. It will be treated as a serious disciplinary matter if a Senior Employee is found to have knowingly and deliberately failed to declare an interest and brought the Trust into disrepute.

Policy Circulation

- 4.24. This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule.
- 4.25. This Policy will be circulated to every Member, Director, Governor and Senior Employee by sending an email to the link on the Trust's website on an annual basis and when each new Member, Director, Governor and Senior Employee joins the Trust.
- 4.26. The Board of Directors, in consultation with the Local Governing Bodies, are responsible for overseeing, reviewing and organising the revision of the Conflict of Interest Policy.

5. Gifts and Hospitality

- 5.1. The acceptance of gifts from interested parties could be presented as promoting a conflict of interest that might arguably have compromised the impartiality of members and staff in the decisions that they were required to make.
- 5.2. Offers of gifts should be reported to the CEO or Trust Corporate Services Director and, if of any significant value, should be declined.
- 5.3. It is not possible to put forward hard and fast rules for when gifts may be accepted, since in practice this will depend upon the circumstances. General principles for the acceptance of gifts are:
 - The gift must be of a nominal or notional value. Typically, a gift should not be accepted if the cumulative value from any one organisation or individual exceeds £200 in any 12 month period or £50 for any one gift.
 - The gift must be given for an appropriate reason.
 - The gift must be given at an appropriate time (e.g. not in advance of the issuing of an opinion or determination, or in advance of the award of a contract).
 - The gift must be of a 'one-off' or irregular nature (i.e. that could not be viewed as a regular source of income by HMRC for personal taxation purposes).
 - The details of all gifts accepted or declined should be fully disclosed to the Trust Corporate Services Director who will maintain a record of such instances.
- 5.4. Retention of accepted gifts by the recipient is at the discretion of the CEO or Trust Corporate Services Director. In reaching their decision consideration should be given as to whether the gift should be put to another use, for instance donated to a charitable cause, and the risks to the reputation of the Trust associated with the retention of the gift by an individual. In no circumstances may an individual sell an accepted gift for monetary gain.
- 5.5. Members and staff should not encourage contacts to provide hospitality to them, or indirectly to other colleagues, friends or relatives.

- 5.6. Offers of hospitality should be reported to the Trust Corporate Services Director who will maintain a record of such instances. Some examples of hospitality which should be refused are payments for external lunch or dinner, and free tickets to sporting or leisure events.

- 5.7. It is permissible to provide hospitality in the form of refreshments or working lunches for meetings where the provision of such can be demonstrated in terms of value for money in the pursuance of Trust objectives. Consideration should be given to the scheduled length and formality of the meeting; the number of attendees; and the journey time/length to and from a meeting by attendees. However, it should be noted that alcohol should never be provided as part of a working lunch.

