



SACRED HEART

**Conflicts of Interest
Policy**

November 2018

Contents:

	<u>Page</u>
<u>Statement of intent</u>	3
1. Legal framework	4
2. Definition	4
3. Identifying conflicts of interest	4
4. Articles of Association	4
5. Interests which should be declared	4
6. Director / Governor benefits	5
7. Register of interests	5
8. Declaring interests	5
9. Removing conflicts of interest	5
10. Withdrawing from decision-making	6
11. Records of proceedings	7
12. Confidentiality	7
13. Monitoring and enforcement	7
14. Policy circulation	7
15. Appendix A: Annual Conflicts of Interest Acknowledgement Statement	8
16. Appendix B: Conflicts of Interest Declaration Form	9
17. Appendix C: Declaration of Interest	10

Statement of intent

This policy sets out the framework for ensuring that the decisions and decision-making processes at The Catholic Academy Trust are, and are seen to be, free from personal bias and do not unfairly favour any individual or company connected with the trust.

Directors/governors and committee members 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 potential conflict of interest.

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.

The Catholic Academy Trust therefore intends to:

- Ensure that every director/governor understands what constitutes a conflict of interest and that they have a responsibility to identify and declare any conflicts that might arise.
- Record the conflict and the actions taken to ensure that the conflict does not affect the decision-making of The Catholic Academy Trust or any of its constituent local governing bodies.

The Catholic Academy Trust will abide by the contents of the Academies Financial Handbook and have due regard for the Seven Principles of Public Life as defined by the Committee for Principles in Public Life. The trust will ensure the auditors, both internal and external, are committed to work with these documents in relation to their work with the trust.

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

2. Definition

2.1 The Sacred Heart Catholic Academy Trust adopts the definition of the Charity Commission, which states that a conflict of interest is any situation where a directors'/governors' personal interests or loyalties could, or could be seen, to prevent the director/governor from making a decision in the best interests of the trust or academy of which they are a member of the local governing body.

3. Identifying conflicts of interest

3.1. The Sacred Heart Catholic Academy Trust expects individual directors, governors, the board of directors and individual local governing bodies to be able to identify any conflicts of interest at an early stage.

3.2. Individual directors / governors who fail to identify and declare any conflicts of interest will also fail to comply with their personal legal responsibility to avoid conflicts of interest and act only in the best interest of the trust or local governing body and its pupils/students.

3.3. The trust/local governing body must ensure that any conflicts of interest do not prevent them from making a decision only in the best interests of the trust/academy and its pupils/students.

4. Articles of Association

4.1 The Articles of Association (para 97) state:

Any Governor 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 his duties as a Director shall disclose that fact to the Directors as soon as he becomes aware of it. A Director must absent himself from any discussions of the Directors in which it is possible that a conflict will arise between his duty to act solely in the interests of the Company and any duty or personal interest (including but not limited to any Personal Financial Interest).

5. Interests which should be declared

5.1. Governors will be expected to declare the following interests:

- Holding another public office.
- Being an employee, director, advisor or partner of another business or organisation.
- Pursuing a business opportunity.
- Being a member of a club, society or association.
- Having a professional or legal obligation to someone else.
- Having a beneficial interest in a trust.
- Owning or occupying a piece of land.
- Owning shares or some other investment or asset.
- Having received a gift, hospitality, or other benefit from someone / an organisation.

- Owing a debt to someone / an organisation.
- Holding or expressing strong political or personal views that may indicate prejudice or predetermination for or against a person or issue.
- Being a spouse, partner, relative or close friend of someone who has one of these interests.

6. Director / Governor benefits

- 6.1. Directors/governors can only benefit from the trust or their academy where there is an explicit authority in place in the trust's governing document before any decision conferring director/governor benefit is made.
- 6.2. Director/governor benefits include any payments or benefits to directors/governors or a connected person, apart from their reasonable out of pocket expenses. They also cover situations where a director/governor could receive property, loans, goods or services from the trust or one of its academies.
- 6.3. Where there is a proposed sale or lease of academy land to a director/governor, or to a person or company closely connected with a director/governor, this will need to be authorised by the EFA, even if the disposal is at full market value.
- 6.4. The payment of reasonable expenses to directors/governors is not a benefit, so it does not create a conflict of interest or require authorisation.

7. Register of interests

- 7.1. Directors will keep an updated record of any conflicts of interest in the trust's register of interests, which is maintained by the Company Secretary.
- 7.2. Local governing bodies should keep a similar record of any conflicts of interest which will be kept and maintained by the School Business Manager. Where a member of a local governing body is also a director of the trust, a copy of the entry in the Company Secretary's register may be used.

8. Declaring interests

- 8.1. Directors/governors should have a standard agenda item at the beginning of each meeting to declare any actual or potential conflicts of interest.
- 8.2. A director/governor should declare any interest which he/she has in an item to be discussed, at the earliest possible opportunity and before any discussion of the item itself.
- 8.3. If a director/governor is uncertain whether or not he/she is conflicted, he/she should declare the issue and discuss it with the other directors/governors.
- 8.4. If a governor is aware of an undeclared conflict of interest affecting another director/governor, then he/she should notify the other directors/governors or the Chair.

9. Removing conflicts of interest

- 9.1. Directors/governors must consider the conflict of interest so that any potential effect on decision-making is eliminated.
- 9.2. Directors/governors must follow any legal or governing document requirements on how a conflict of interest must be handled, but may, in serious cases, decide that removing the conflict of interest itself is the most effective way of preventing it from affecting their decision-making. Serious conflicts of interest include, but are not limited to, those which:

- Are so acute and extensive that the directors/governors are unable to make their decisions in the best interest of the trust/academy and its pupils/students, or could be seen to be unable to do so.
- Are present in significant or high risk decisions of the 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 director/governor benefit.

10. Withdrawing from decision-making

10.1. Where there is a proposed financial transaction between a director/governor and the trust or one of its academies, or any transaction of arrangement involving director/governor benefit:

- 10.1.1. The benefit must be authorised in advance by the Board of Directors (or sub-committee where this is in place) or Finance Committee of the local governing body. If there is no meeting planned within the time frame of authorisation being required, then in the case of a local governing body, the Chair of the Finance Committee and one other finance governor can be contacted to authorise the benefit. In the case of the trust, the Chair will be contacted. If the person affected is the Chair of the Finance Committee then the Chair of the governing body plus one other finance governor must authorise the benefit. In the case of the trust, if the person affected is the Chair, then three directors must authorise the benefit.
- 10.1.2. The board/governing body expects the affected director/governor to be absent from any part of any meeting where the issue is discussed or decided.
- 10.1.3. The affected individual should not vote or be counted in deciding whether a meeting is quorate.

10.2. Where there is a conflict of loyalty and the affected 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 director/governor should declare the interest.

10.3. The remainder of the directors/members of the governing body must then decide what level of participation, if any, is acceptable on the part of the conflicted director/governor. The options might include, but are not limited to, deciding whether the conflicted 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.

10.4. In deciding which course of action to take regarding a conflict of interest, directors/governors:

- 10.4.1. Must always make their decisions only in the best interest of the Trust or local governing body and its pupils/students.
- 10.4.2. Should always protect the reputation of the trust/local governing body and be aware of the impression that their actions and decisions may have on those outside.
- 10.4.3. Should always be able to demonstrate that they have made decisions in the best interests of the trust /local governing body and its pupils/students, and independently of any competing interest.
- 10.4.4. Should require the withdrawal of the affected director/governor from any decisions where the director's/governor's other interest is relevant to a high risk or controversial director/governor decision or could, or be seen to, significantly affect the director's/governor's decision-making at the trust or local governing body.

- 10.4.5. Can allow a director/governor to participate where the existence of his/her other interest poses a low risk to decision-making in the interests of the trust/local governing body or is likely to have only an insignificant bearing on his/her approach to an issue.
- 10.4.6. Should be aware that the presence of a conflicted director/governor can affect trust between directors/governors, could inhibit free discussion, and might influence decision-making in some way.
- 10.5. Directors/governors can, before their discussion, ask a director/governor who is withdrawing, to provide any information necessary to help make the decision in the best interests of the trust and/or the local governing body and its pupils/students.

11. Records of proceedings

- 11.1. Directors/governors should record in the minutes, details of any and all discussions on potential conflicts of interests and the decisions made.

12. Confidentiality

- 12.1. Directors/governors cannot use information obtained at the trust or local governing body for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

13. Monitoring and enforcement

- 13.1. The directors and governors of the Sacred Heart Catholic Academy Trust and its local governing bodies will carry out continuous monitoring of activities to ensure that any conflicts of interest are identified and mitigated as soon as possible.
- 13.2. Directors/governors who fail to declare an interest and are found to be in conflict with the best interests of the trust or local governing body will be expected to explain to the board/local governing body his/her reasons for their omission.
- 13.3. Under the power vested in turn by S186 of the Companies Act 2006, directors may decide to terminate the office of the relevant director if he/she is found to have knowingly and deliberately failed to declare an interest and has brought the trust into disrepute.
- 13.4. Where a foundation governor is found to have deliberately failed to declare an interest and has brought the local governing body into disrepute, the governing body will contact the Bishop to request removal of said governor. In the case of a staff or parent governor, the members of the local governing body will hold a vote of no-confidence in that governor and seek to suspend from future meetings.

14. Policy circulation

- 14.1. This policy will be circulated to every director/governor who shall annually sign a statement which affirms that he / she has:
- Received a copy of the policy.
 - Has read and understood the policy.
 - Has agreed to comply with the policy.
- 14.2. This policy will be available on the website of each academy and will be included on the trust website when it is launched.

Appendix A

Annual Conflicts of Interest Acknowledgement Statement

In accordance with section 14.1 of the Conflicts of Interest Policy (“the Policy”), I, the undersigned director with powers delegated by the board of directors of Sacred Heart Catholic Academy Trust hereby attests and affirms that I have:

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

Print name

Signature

Dated ____ / ____ / ____

In accordance with section 14.1 of the Conflicts of Interest Policy (“the Policy”), I, the undersigned governor with powers delegated by the local governing body of the academy within the Sacred Heart Catholic Academy Trust hereby attests and affirms that I have:

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

Print name

Signature

Dated ____ / ____ / ____

Appendix B

Form for declaration of interests by directors/governors of the Sacred Heart Catholic Academy Trust and the local governing bodies of its member academies

Declaration of Interest

I declare that the interests recorded below include each and every interest, which might be considered to have a potential to influence the exercise of impartial judgement by me in my connection with the board and/or local governing bodies of the Sacred Heart Catholic Voluntary Academy Trust.

Name:

Signature:

Date:

Please record your interests under the appropriate heading in the table below.

1. Remuneration

List the names of any organisations (including your present employer) from which you currently draw a salary or other remuneration including honoraria, long-term or regular consultancies, and any directors' fees or other emoluments from private companies or PLCs. Short-term or one-off consultancies need not be included unless the organisation concerned is likely – or possibly seeking- to do business with the Sacred Heart Catholic Academy Trust and/or one or more of its member academies.

2 Directorships

List the names of any private companies or PLCs of which you are currently a director, or of which you have been a director at some point during the last three years, or of which you expect to become a director within the next year (whether paid or unpaid). You are not expected to disclose the level of any directors' fees or other emoluments.

3. Significant Share-Holdings

List the names of any companies or businesses – whether private or publicly-quoted – in which you hold a significant share-holding. 'Business' should be taken to include consultancies, partnerships and the like; you will be deemed to have a 'significant share-holding' if you own more than 5 per cent or more of the business (normally 5 per cent or more of the issued share capital). You are not expected to disclose the level of your financial interest in these companies or businesses.

4. Research income for work over £50,000

5. Unremunerated Activities related to those of Sacred Heart Catholic Academy Trust and/or one or more of its member academies

List the names of any unpaid offices you hold – for example, in a company, higher education institution, charity or voluntary or public body – which you consider might have a bearing on your role. You should include any charity trusteeships you hold, or any other way in which you participate in the management of a charity.

6. Political Pressure Groups or Associations where their objectives are related to the activities and objects of the Sacred Heart Catholic Academy Trust

7. Family Interests

List any interest you have through your members of your family having interests which might be considered to have a potential to influence the exercise of impartial judgement by you in your connection with the Sacred Heart Catholic Academy Trust.