

# NWA Trust



## Conflicts of Interest Policy

This policy was approved by the Trustees on September 2021

Verity Mckay Chair of Trustees

Adopted on 1.09.21

This policy will be reviewed annually on or before November 2022

## 1 Introduction

1.1 This policy sets out your responsibilities for identifying and managing actual and potential conflicts of interest when acting on behalf of NWA Trust 'the Trust'.

1.2 You can also ask the Trust's Governance Professional for further guidance.

1.3 A conflict of interest is any situation in which your personal interests or loyalties could, or could be seen, to prevent you 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

1.4 See section 4 below for further guidance on identifying conflicts.

## 2 Who this policy applies to

2.1 This policy applies to:

- all Trustees ('the Trustees');
- all members of the Trust;
- all governors on the Trust's Local Governing Bodies (or equivalent);
- senior employees of the Trust; and
- all external members of the Trustees' committees.

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

## 3 Fundamental Principles

3.1 It is important that confidence in the good governance and probity of the Trust is maintained. In order to achieve this you must ensure all decisions you make on behalf of the Trust are free from any undue influence. You 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.

3.2 In order to maintain high standards of conduct, probity and ethics it is also important that you 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 you to feel comfortable with declaring your interests and any conflicts that arise safe in the knowledge that they will be dealt with in accordance with this policy; and

- enable you to say if one of your fellow Decision Makers appears to have a conflict of interest. By doing so you are not calling their integrity into question.
- 3.3 The basic rule is that Trustees have an overriding statutory obligation not to put themselves in a position where their duty as a Trustee conflicts 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 the role you play and the work of the Trust.
- 3.4 Where conflicts are unavoidable, they must be effectively managed in the best interests of the Trust. This means it is your 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 you 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 you to give the right level of input to enable the best decisions. Whilst the Board will ultimately decide how to manage a conflict, you also need to make your own personal judgement about it.

## 4 Identifying conflicts of interest

- 4.1 The obligations set out in this policy derive from the general fiduciary duties owed by trustees under charity law and 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.
- 4.2 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.
- 4.3 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.
- 4.4 When considering if you have a conflict of interest, you must be aware of the following principles:
- 4.4.1 a conflict of interest exists if there is a possibility that your personal interest could influence your decision-making, even if your decision-making is not in fact adversely affected by the conflict. A reasonable perception that a conflict of interest exists can be enough for you to be in breach of your duties; and
  - 4.4.2 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 you (e.g. a partner or child) as well as to your own personal interests.
- 4.5 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**

- 4.5.1 selling, loaning or leasing Trust assets to a Decision Maker;
- 4.5.2 the Trust acquiring, borrowing or leasing assets from a Decision Maker;
- 4.5.3 paying a Decision Maker (or a company at which the Decision Maker is 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;
- 4.5.4 paying a Trustee for carrying out:
  - (a) their role as Trustee;
  - (b) a separate paid post at the Trust; or
  - (c) a post at a trading subsidiary or any other company or organisation that the Trust is interested or connected with;

#### **Indirect financial gain or benefit**

- 4.5.5 where the financial gain or benefit accrues to a family member, business or employer of a Decision Maker;

#### **Non-financial gain or benefit**

- 4.5.6 where a Decision Maker can exploit any information or opportunities as a result of the Decision Maker's role;

#### **Conflict of loyalty**

- 4.5.7 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. This can arise even where the Decision Maker does not have a monetary interest or does not stand to personally benefit.

## **5 Declaration of interests**

- 5.1 You have a personal responsibility to declare any interest that might reasonably be regarded as potentially giving rise to a conflict.
- 5.2 On appointment or on the adoption of this policy, whichever is later, you must complete a declaration of interests form:
  - 5.2.1 listing any personal interests, business interests or other direct or indirect interests that might potentially give rise to a conflict of interests;
  - 5.2.2 listing any interests of persons connected to them that may give rise to a conflict of interest;
  - 5.2.3 declaring any gifts or hospitality received or offered to you as part of your Decision Maker role;
  - 5.2.4 confirming that you are not aware of any conflict, other than those already disclosed, that exists between your role and your personal circumstances or other interests;
  - 5.2.5 confirming the directorships, partnerships and employment that you are involved with or hold;

- 5.2.6 listing any other trusteeships or governorships at other educational institutions or charities;
  - 5.2.7 confirming that you will update the form annually, or sooner if any changes occur; and
  - 5.2.8 confirming that you will declare any conflict that arise in the future.
- 5.3 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.
- 5.4 The register of interests must include the information prescribed by the Academy Trust Handbook, including:
- 5.4.1 capturing relevant business and pecuniary interests of the Decision Makers. The name and nature of the business or interest must be recorded, along with the date that the interest began;
  - 5.4.2 any relevant material interests arising from close family members between the Decision Makers. It must also identify relevant material interests between Decision Makers and employees of the Trust;
  - 5.4.3 the relevant business and pecuniary interests of the Decision Makers will be published on the Trust's website.
- 5.5 It is for you to decide which matters to declare but, if in doubt, you should make a declaration. If you would like to discuss the issue, then you can contact the Chair or Governance Professional for confidential guidance.
- 5.6 Whilst the declaration will need to be made annually as set out at paragraph 5.2.7, it is your responsibility to keep your declaration up-to-date and to promptly notify the Governance Professional of any changes between annual declarations.
- 5.7 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.
- 5.8 The information provided by you and other Decision Makers will be processed in accordance with data protection principles as set out in the Data Protection Act 2018 and UK GDPR. 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.

## 6 Conflicts of interest

- 6.1 In accordance with article [97] of the articles, if you have or can have any direct or indirect duty or personal interest which conflicts or may conflict with your duties as a Trustee you must disclose that to the Trustees as soon as you become aware of it.
- 6.2 The first item on the agenda of each Trustee meeting will be a standing item requiring all Trustees attending the meeting to declare any conflicts of interest relating to the matters to be discussed at the meeting.
- 6.3 If you consider you have an actual or potential conflict, you 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. You must absent yourself from any discussions of the Trustees, a committee or a Local Governing Body in which it is possible that a conflict will arise between your duty to act solely in the interests of the Trust and any duty or personal interest

- 6.4 If you are aware that another Decision Maker has an actual or potential conflict that has not been declared, they must notify the Chair.
- 6.5 If the Chair is declaring a conflict, they must inform the other board members.
- 6.6 If you are uncertain whether or not you are conflicted, you must err on the side of openness and declare the interest. In deciding what course of action to take, you and the other Decision Makers must always base decisions on what is in the best interest of the Trust.
- 6.7 The Governance Professional 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 Trustee meeting.
- 6.8 Conflicts that are identified outside of a meeting must be declared by giving written notice to the Governance Professional.

## **7 Assessing conflicts at meetings**

- 7.1 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:
  - 7.1.1 assess the nature and extent of the conflict;
  - 7.1.2 assess the risk or threat to decision-making by the Trustees or local governors;
  - 7.1.3 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
  - 7.1.4 decide what steps to take to handle the conflict.

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

- 7.2 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.

## **8 Management of conflicts of interest**

- 8.1 If the conflict arises owing to a financial transaction between the Trust and a Decision Makers (or a connected person), or because a Decision Maker (or a connected person) will or may obtain a benefit from the Trust:
  - 8.1.1 any potential or proposed benefit must be authorised in advance (see section 9 below); and
  - 8.1.2 the conflicted Decision Maker must:
    - (a) withdraw from all discussions and decisions in relation to the matter; and
    - (b) not be counted in the quorum for that part of the meeting.
- 8.2 For all other conflicts, the conflicted Decision Maker must withdraw from all discussions and decisions in relation to the matter.

- 8.3 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.
- 8.4 All decisions relating to conflicts of interest will be recorded in the minutes, including:
- 8.4.1 whether any Decision Maker declared a conflict of interest;
  - 8.4.2 the nature of the declared conflict of interest;
  - 8.4.3 that the Decision Maker removed themselves from the meeting; and
  - 8.4.4 the actions taken to manage the conflict.
- 8.5 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.

## **9 Procedure for declaring interests in transactions and arrangements**

- 9.1 If you have a direct or indirect interest in any proposed transaction or arrangement you must declare the nature and extent of that interest before the transaction or arrangement is entered into.
- 9.2 If you have a direct or indirect interest in a transaction or arrangement that has already been entered into by the Trust but you have not declared that interest, you must declare the nature and extent of that interest as soon as is reasonably practicable.
- 9.3 If a declaration made under paragraph 9.1 or paragraph 9.2 proves to be or becomes inaccurate or incomplete, you must make a further declaration giving correct information about the nature and extent of your interest.
- 9.4 A declaration made under paragraph 9.1, paragraph 9.2 or paragraph 9.3 must be made either at a meeting of the Trustees or by sending written notice to the other Trustees or Governance Professional.

## **10 Trustee benefits and related party transactions**

- 10.1 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.
- 10.2 If you receive a benefit without proper authority, this will be a breach of trust and you may be liable to repay all or part of the benefit to the Trust.

## **11 Failure to disclose an interest**

- 11.1 The failure by you to declare a conflict of interest is serious and will be in breach of this policy. You may also be in breach of trust and breach of your statutory duties (for Trustees) and may be subject to legal action.
- 11.2 The Trust may also consider the possibility of removing you from office or being subject to disciplinary proceedings in these circumstances.

## 12 **Monitoring, enforcing and reviewing this policy**

- 12.1 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 5.
- 12.2 If you become aware of a breach of this policy you must report it to the Chair as soon as possible.
- 12.3 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.
- 12.4 The Chair must:
- 12.4.1 report all breaches of the policy of which they are aware to the Trustees at the next Trustee meeting; and
- 12.4.2 ensure that all breaches are noted in the minutes of the relevant Trustee meeting.
- 12.5 The Audit 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.
- 12.6 Reports on this policy, including information about any breaches or management of conflicts declared, will be provided at least annually to Audit and the senior executive team.
- 12.7 If you are concerned that a conflict exists which has not been dealt with in accordance with this policy, you should raise this with the Chair or Governance Professional or in accordance with the Trust's whistleblowing policy.

## 13 **Review**

This policy must be reviewed annually by the Trustees, or sooner if required, by the Trustees.

## 14 **Other relevant policies and further Reading**

Other relevant Trust policies include:

- [ Staff handbook, Allegations ]
- 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)*" which is 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>