

This Policy has been adopted and approved by Gippeswyk Community Educational Trust and is to be used by all members of the Trust.

<b>CONFLICTS OF INTEREST AND RELATED PARTY POLICY</b>	
Approved by GCET	10.12.2021
Date of next Review	Autumn Term 2023 ( <i>Two yearly – Odd Years</i> )
Responsible Officer	Trust CFO – Mrs T Goodchild
Policy Number	TF9

## 1. Introduction and purpose

- 1.1. GCET is a charitable company limited by guarantee and governed by its Articles of Association. The Trustees of GCET are both Company Directors and Charity Trustees.
- 1.2. Trustees have a legal obligation to act in the best interests of GCET, to act in accordance with its governing documents, and to avoid situations where there may be a potential conflict of interest. Staff have similar obligations.
- 1.3. Trusts manage a significant proportion of public funds and must demonstrate that no Member, Trustee, Governor, Employee or related party benefits personally from the use of funds. Financial decisions must be seen to be made in accordance with the Nolan Committee's [Seven Principles of Public Life](#):

**Selflessness:** No financial gain or other material benefits for self/family.

**Integrity:** Independent of outside influence.

**Objectivity:** Decisions made on merit.

**Accountability:** Accountable for decisions/actions to the public.

**Openness:** Open about decisions and actions taken wherever possible.

**Honesty:** Declare private interests, resolve conflicts to protect public interest.

**Leadership:** Promote and support principles by leadership and example.

These principles apply to decisions with regard to procurement and staffing (including recruitment, contractual changes, casual/additional hours, reimbursements, and expenses).

## 2. Scope

- 2.1. This policy applies to GCET Members, Trustees, Governors and Staff.

### **3. Legislation and regulation**

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

- Companies Act 2006 ss175 and 177.
- Education and Skills Funding Agency (ESFA) Academies Trust Handbook 2021.
- ESFA Academies Accounts Direction.

### **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 GCET.
- 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 GCET 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. One of these statutory duties is to avoid actual and potential conflicts of interest. The duty to avoid conflicts also arises under Charity Law. Governor and 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.
- 4.6. As a result, Trustees, Governors, 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 GCET.
- 4.7. GCET 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 GCET's procurement policy.
  - Decision making is based on a value for money assessment.

### **5. Declaration of Interests**

- 5.1. Members, Trustees, Governors, Senior Leadership Team (SLT), senior employees and budget holders are required to declare their interests in connection with their role in GCET.
- 5.2. A Declaration of Pecuniary and Personal Interests Form is distributed annually, listing the types of interest that should be declared. This form is in line with the ESFA Academies Trust Handbook, which requires academy trusts to maintain a Register of Interests which 'must capture relevant business and pecuniary

interests of members, trustees and governors of academies within a multi-academy trust and senior employees.

- 5.3. The relevant Register of Interests will be published on the GCET webpage and updated at least annually with any new declarations.
- 5.4. Trustees shall be made aware of any possible conflicts of interest involving prospective Trustees or senior staff members.
- 5.5. 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.
- 5.6. 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.
- 5.7. 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 Trust Handbook, provided that open and transparent procurement procedures have been followed, and any potential conflicts of interest are adequately and appropriately managed. However, it is our preference to avoid related party transactions.
- 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 GCET, all related party transactions must be agreed with the CFO before being committed.
- 6.4. Related party transactions can be categorised as two types: incoming and outgoing.

Examples of incoming related party transactions include the donation of:

- Goods
- Services
- Property
- Money

Examples of outgoing related party transactions include the purchase of:

- Goods
- Services
- Property

- 6.5. Any related party transactions and potential conflicts between the interests of GCET 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. Trusts must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.
- 7.3. Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:
- a contract or other agreement exceeding £20,000
  - a contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £20,000 in the same financial year ending 31 August
- 7.4. 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.
- 7.5. The Department for Education (DfE) also require related party transactions, as defined in the ESFA Academies Trust Handbook, to be at cost only, with no profit allowed.
- 7.6. Any connected party supplying goods or services to GCET 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 GCET 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 GCET senior staff, Members, Trustees and Governors must read and understand fully their obligations in upholding the requirements set out in this policy. Familiarisation with this policy should occur as part of induction at GCET.
- 9.2. Where necessary additional support and training can be provided through the governance team.

## **10. Responsibilities**

- 10.1. All GCET senior staff, Members, Trustees and Governors are responsible for ensuring they complete their Annual Declaration of Interest forms.
- 10.2. For new starters, the Human Resource 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, Trustees and Governors, the governance team 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 or in hard copy) the Declaration of Pecuniary and Personal interest forms (appendix A) to all Members, Trustees, Governors, and senior staff 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 relevant entries from the register will also be placed on GCET'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 GCET's Annual Accounts as Related Party Transactions in accordance with the Statement of Recommended Practice on charity accounting.

### **Declaration of Pecuniary and Personal interest**

#### **Guidance notes**

Members, Trustees, Governors, and employees have a legal duty to act only in the best interests of their academy. Where a situation arises in which they cannot do this due to a personal interest they have, steps should be taken to identify, prevent and record the conflict. This ensures Members, Trustees, Governors and employees are acting in the best interests of the academy.

In this declaration, you must provide details relating to:

- Your ownership, directorship or partnership of a company or organisation.
- Goods or services you offer which may be used by the trust/academy.
- Any close relation you have to someone who satisfies either of the above.
- Any close family relationship you have to someone who is employed by the trust/academy. (A family relationship is defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse, or civil partner.)

Declaring your conflicts of interest is a legal requirement for academies as stated in the Articles of Association and Academies Trust Handbook. However, making an annual declaration does not remove your requirement to make an oral disclosure of the interest and temporarily leave the meeting, where the interest is relevant to something being discussed.

Please also be aware of the requirement to inform the governance team of any in year changes.

#### **Pecuniary interests**

Trustees, Governors, and staff should not participate in any discussions in which they may directly or indirectly benefit from a pecuniary interest, except where the relevant authority has authorised this i.e., articles of association for academies. A direct benefit refers to any personal financial benefit and an indirect benefit refers to any financial benefit you may have by virtue of a relationship to someone who stands to gain from a decision of the governing board. Both direct and indirect interests must be declared.

#### **Non-pecuniary interests (Conflicts of loyalty)**

There may be a non-pecuniary interest whereby the trustee, governor or member of staff does not stand to gain any benefit, but a declaration should still be made. For example, this might be where a governor has a family member working in the academy. While the governor might not benefit personally, their judgment could be impaired if something was brought up that would affect the family member.

### Declaration of pecuniary and personal interest

**Name:** .....

**Trust/Academy:** .....

**Position:** .....

I [Name], declare as a Governor/Trustee/Staff of [Trust/Academy Name] that I hold the following personal and/or pecuniary interest(s):

<b>Pecuniary interests</b>	<b>Please provide details of the interest</b>
Current employment	
Businesses (of which I am a partner or sole proprietor)	
Company directorships – details of all companies of which I am a director	
Charity trusteeships – details of all companies of which I am a trustee	
Membership of professional bodies, membership organisations, public bodies, or special interest groups of which I am a member and have a position of general control or management	
Gifts or hospitality offered to you by external bodies while acting in your position as a governor/trustee and whether this was declined or accepted in the last 12 months	
Contracts offered by you for the supply of goods and/or services to the trust/school	
Any other conflict	

Personal interests	Name	Relationship to me	Organisation	Nature of the interest
Immediate family/close connections to governor/trustee				
Company directorships or trusteeships of family/close connections to governor/trustee				

**If you are a governor or trustee of any other schools and/or academies, please provide details below:**

**Name of academy:** \_\_\_\_\_  
**Position held:** \_\_\_\_\_  
**Date appointed/elected to post:** \_\_\_\_\_  
**Date of termination to post:** \_\_\_\_\_

To the best of my knowledge the information supplied above is correct and complete. I understand that it is my responsibility to declare any conflict of interest/loyalty, business or personal that relates directly or indirectly to myself or any relation in any contract, proposed contract or other matter when present at a meeting at the school where such contract or matter comes under consideration. I understand that I must withdraw from any meeting during the discussion of such contract or matter and must not vote in respect of it.

I agree to review and update this declaration annually and give consent for the information provided to be used in accordance with the Trust's Conflicts of Interest Policy.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_



## APPENDIX B

### **Pro-forma statement of assurance**

This form is for completion by an individual or organisation, defined in the Academies Trust Handbook as a 'connected party' to GCET. Individuals and organisations supplying goods or services to GCET must charge no more than cost (defined at the end of the form).

#### **Supplier details**

Name and address of supplier	
Company number (if applicable)	
Start date	
End date	
Estimate of commercial price, including profit	<i>A reasonable and fair estimate</i>
Connection with trust, e.g., trustee is also a director of the supplier of goods and services	<i>Explain the nature of the connection between the supplier and academy trust</i>
Value of goods or services to trust	<i>£ At cost without profit</i>
Does this value include direct costs and indirect costs only?	Yes / No
Nature of contract	<i>Such as building supplies or professional services</i>

#### **Details of contract**

Explanation of how the supplier is charging the academy trust
<i>This should include a sufficiently detailed explanation setting out that the supplier understands its direct and indirect costs in such a way to demonstrate to Copleston High School that it is supplying goods and services at cost, without any element of profit.</i>
<i>[Please extend the rows below if the contract is longer than three years]</i>

	Direct costs	Indirect costs	Total
Year 1	£	£	£
Year 2	£	£	£
Year 3	£	£	£
Total	£	£	£

## Supplier certification

Certification of supplier	
<p>I certify, on behalf of ..... that:</p> <ul style="list-style-type: none"> <li>the goods and services detailed in this form will be supplied to GCET on the basis of direct cost-plus indirect costs, with no element of profit.</li> <li>we are supplying the goods and services on an open book basis and we will provide more information on request; and</li> <li>we will make an adjustment in the following year if we identify a miscalculation on our direct or indirect costs, and supplied goods or services which included an element of profit.</li> </ul>	
<p><b>Notes</b></p> <p><b>Direct costs</b> means the costs of any materials and labour used directly in producing the goods or services.</p> <p><b>Indirect costs</b> means a proportionate and reasonable share of fixed and variable overheads.</p> <p><b>At cost</b> means without profit as it includes direct and indirect costs only.</p> <p><b>Estimate</b> of commercial price acknowledges that the value of such contracts varies depending on a number of factors and negotiations. The supplier should identify a reasonable and fair price, e.g., from previous similar contract.</p>	
Name and position	
Date	
Signature	

## GCET

Certification of GCET	
<p>In signing this document, I am satisfied that:</p> <ul style="list-style-type: none"> <li>the goods and services being supplied comply with the requirements on trading with connected parties as set out in the handbook and represent value for money.</li> <li>there is full compliance with the trust's scheme of delegation.</li> <li>open and fair procurement and compliance with the trust's procurement procedures have taken place.</li> <li>potential conflicts of interest within the GCET have been robustly managed.</li> <li>the trust's register of interest captures relevant business and pecuniary interests as set out in the handbook and will be updated to reflect this contract (if not already).</li> <li>the supplier understands that open book arrangements are in place and they will provide more information on request, if needed; and</li> <li>both the trust's accounting officer and chair of board of trustees have agreed to trade with this connected supplier, and that the measures and safeguards listed above are in place.</li> </ul>	
CEO	S COMMON
Date	
Signature	

