



Conflicts of Interest Policy

Applicable to:	✓	All individual academies within NEAT
	✗	Specified academies only
	✓	NEAT Trust
Approval body:	NEAT Board of Directors	

Status:

Statutory policy or document	No
Review frequency	As determined by the Board of Directors
Approval by	As determined by the Board of Directors

Publication:

Statutory requirement to publish on website	No
If not, agreed to publish on website?	Yes – trust and school websites

Version Control:

Revision Record of Issued Versions			
Author	Creation Date	Version	Status
Director of HR and Governance (SH)	24 October 2018	1.0	Agreed version approved by Board of Directors.
Changed by	Revision Date	Version	Status

Review Date	
Frequency	Next Review Due
Every three years	October 2021 (or earlier if new guidance or legislation issued and/or business need for earlier review identified)

1 Purpose

The purpose of this policy is to set out how the trust will identify, manage and record real and perceived conflicts of interest to ensure these are properly handled and do not affect decision-making.

2 Scope

This policy applies to members, non-executive directors/trustees (referred to as “directors”) and local governors of the trust.

Although specific legal responsibilities in relation to conflicts of interest apply to directors only, the Trust Board delegates decision-making powers to academy committees comprising local governors through the NEAT Scheme of Delegation. Therefore the same standards of integrity, objectivity and honesty in relation to conflicts of interest are expected of all those involved in governance of the trust and its academies, which is set out in the NEAT Code of Conduct for Directors and Local Governors.

3 Policy statement

The trust is committed to identifying actual and potential conflicts of interest, ensuring these are declared promptly and preventing conflicts affect its decision-making by taking appropriate action depending on the seriousness of the risks involved. It will also ensure periodic monitoring and effective enforcement of its systems.

It is recognised that not identifying or properly responding to a conflict of interest can significantly harm the trust’s reputation and public trust and confidence.

The aims of this policy are to ensure that:

- each director and local governor understands their individual personal responsibility to declare real or perceived conflicts of interest which affect the trust;
- the trust has strong systems in place to identify, resolve and record those conflicts and is compliant with its regulatory framework including company law, guidance from the Charity Commission and the Academies Financial Handbook; and
- conflicts of interest are resolved in a way that protects the public interest, in accordance with the ‘Seven Principles of Public Life’.

4 Roles and responsibilities

- **Trust’s Board of Directors:** The trust board will review this policy and monitor its effectiveness to ensure conflicts of interest are resolved appropriately across the trust and its academies.
- **All members, directors and local governors** (in addition to any observers at meetings) have an individual personal responsibility to declare conflicts of interest. Failure to follow this policy may be in breach of their duties and may be subject to internal action within the trust, including being removed from office, and in some instances may be subject to external sanction.
- **Chairs of Board of Directors/Committees** have responsibility for ensuring identified conflicts of interest within the membership of the relevant body and/or the business of meetings are resolved properly in accordance with this policy.
- **Clerk to the Directors/Company Secretary:** The trust’s Clerk to the

Directors/Company Secretary (and their appointed representative) has responsibility for providing advice to individuals and/or chairs regarding any identified conflicts and maintaining and publishing appropriate records on behalf of the trust.

5 Identifying conflicts of interest

- 5.1 A conflict of interest is any situation where an individual's personal interests or loyalties could, or could be seen to, prevent the individual making a decision only in the best interests of the trust. This conflict may arise due to the interests of people connected to the individual.
- 5.2 Conflicts of interest usually arise where either:
- there is a potential financial or measurable benefit directly to an individual, or indirectly through a connected person (see 5.3 below); or
 - an individual's duty to the trust may compete with a duty or loyalty they owe to another organisation or person (see 5.4 below).
- 5.3 There are specific provisions in Articles 6.2-6.9 of the trust's Articles of Association about the potential financial or measurable benefits, including transactions which may be authorised, that could apply to a member or director. Similar benefits may also apply to local governors: for example, when contracts for goods and services are awarded by the trust or when decisions about pay or employment are made and the local governor is an employee of the trust. Other examples of financial or measurable benefits for members, directors or local governors are:
- if the trust employs their spouse or other close relative;
 - if they receive services provided by the trust to their exclusive advantage e.g. to specifically benefit their child.
- 5.4 Conflicts of loyalty arise because, although the individual does not stand to gain any benefit, their decision-making at the trust could be influenced by their other interests. For example, the individual's loyalty to the trust could conflict with their loyalty to:
- the body that appointed them to the trust (e.g. Diocesan Education Board or Parochial Church Council);
 - another organisation, such as their employer;
 - another organisation of which they are a director (including NEAT Active Ltd – see 5.6 below), trustee or governor;
 - a member of their family; or
 - another connected person or organisation.
- 5.5 Examples of these types of conflict of interest are provided in guidance published by the Charity Commission, 'Conflicts of interest: a guide for charity trustees'.
- 5.6 Individuals must avoid conflicts of interests by refusing personal gifts or offers of hospitality from current or potential suppliers if they are involved in awarding a contract. Personal gifts and hospitality received from sources other than suppliers must be declared if they are above a monetary value of £25.
- 5.7 Any member or director of the trust who is also a director of NEAT Active Ltd, which is a wholly owned subsidiary of the trust, will have an interest in all matters relating to NEAT Active Ltd and its relationship with NEAT. There may be a potential conflict of interest between the duty owed to NEAT and the duty owed to NEAT Active Ltd. Further guidance is provided in 7.2 and 7.3 below.

6 Declaring conflicts of interest

The trust will take the following steps to ensure potential conflicts of interest are identified promptly.

6.1 Pre-appointment

Prospective directors and local governors will be asked about potential conflicts of interest, and these will be declared to those who will decide on the appointment. Where prospective appointees are likely to be subject to serious or frequent conflicts of interest (see 7.1 below), those deciding the appointment should seriously consider whether that individual should be appointed.

6.2 Membership of committees

The trust's Constitution, Membership and Proceedings for the Board and its Committees specifies any restrictions on the membership of committees established by the Trust Board to make decisions on its behalf to avoid anticipated conflicts of interest occurring.

6.3 Declaration of interests

- On their appointment, and at least once each year at the first meeting in each calendar year, members, directors, local governors and senior employees must declare their interests on a form provided for that purpose to include:
 - directorships, partnerships and employments with businesses;
 - trusteeships and governorships at other educational institutions and charities; and
 - any relevant material interests arising from close family relationships between the trust's members, directors or local governors, or between those individuals and employees (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).Staff other than senior employees are also asked at least once each year to declare their financial and personal interests.
- Amendments to the notified declarations of interest should be made to the Clerk to the Directors as soon as possible following any change in their circumstances.
- The Clerk to the Directors, or their representative, uses the information provided to maintain a register of interests (including nil returns for members, directors and senior employees; in the case of staff other than senior employees, only records of declared interests are maintained).
- The register is accessible to all members, directors and senior employees. An extract of the register relevant to an individual academy is accessible to the academy's local governing committee and business manager.
- The Clerk to the Directors, or their representative, publishes the business and pecuniary interests of members, directors and the accounting officer on the trust's website and of local governors on the relevant academy's website. The trust exercises its discretion not to publish any material interests from close family relationships of those individuals. The declared interests of employees are not published.

6.4 Declaring interests at the start of a meeting

- The trust will have a standard agenda item at the beginning of each meeting to declare any actual or potential conflicts of interest.
- An individual should declare any interest which s/he has in an item to be discussed at the earliest opportunity and before any discussion of the item itself. This should include any interests that have been previously declared under 6.2.
- If an individual is uncertain whether or not they are conflicted, they should err on the side of openness, declaring the issue and discussing it with the other members of the meeting.
- If an individual is aware of an undeclared conflict of interest affecting another individual, they should raise it with the chair in advance of the meeting or with all individuals at the meeting.

7 Preventing conflicts of interest from affecting decision-making

The trust will adopt a step-by-step approach to considering the conflict of interest so that any potential effect on decision-making is eliminated. This will be based on an assessment of the seriousness of the risk associated with the conflict.

7.1 Remove the conflict of interest if it is serious

- Serious conflicts of interests include, but are not limited to, those which:
 - are so acute or extensive that the individual is unable to make their decisions in the best interests of the trust, or could be seen to be unable to do so;
 - are present in significant or high risk decisions of the trust;
 - mean that effective decision-making is regularly undermined or cannot be managed in accordance with the required or best practice approach; or
 - are associated with inappropriate benefits (e.g. the level of payment made to an individual, or person or organisation they are connected to, is not commensurate with the size of the trust or the nature of the work involved).
- In practice removing a serious conflict of interest is likely to mean:
 - not pursuing the course of action;
 - proceeding with the issue in a different way so that a conflict of interest does not arise (e.g. deciding not to consider using a director's company to do some work for the trust if this would mean the number of payments to the director, although authorised, is at risk of introducing levels of conflict of interest which could be difficult to maintain and to justify);
 - securing the resignation of an individual affected by a conflict of interests;
 - not making the appointment of a member, director or local governor if it will introduce a conflict of interests; or
 - referring the decision to another body within the trust's governance structure as long as it remains within the provisions of the trust's Scheme of Delegation and the Constitution, Membership and Proceedings for the Board/its Committees.
- The authority of the Charity Commission may need to be sought if, having considered the above, it is decided to go ahead with a decision affected by a serious conflict of interest.

7.2 Follow the law/governing document about how to handle the specific conflict of interest

- If the conflict is not removed by following 7.1, there are some circumstances where the law, the trust's articles of association or the Academies Financial Handbook specify how a conflict of interest must be handled.

- Articles 6.2-6.9 of the trust's Articles of Association detail the circumstances in which the trust may or may not authorise a transaction with, or benefit to, a member or director of the trust (or a connected party) and the procedures to follow to ensure legal authority is assured. This does not apply to local governors entering into equivalent arrangements.
- The above articles are supplemented by the Academies Financial Handbook which has specific provisions about transactions with related parties. The trust will report, and where relevant, seek prior authorisation from the Education and Skills Funding Agency for relevant related party transactions. The trust notes that transactions between NEAT and NEAT Active Ltd are deemed to be related party transactions and must be properly managed.

7.3 Follow the trust's articles about withdrawing from decision-making

- If there are no legal or governing document provisions about managing the specific conflict of interest under 7.2, Article 97 of the trust's Articles provides that, "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)." For the avoidance of doubt, this includes conflicts that may arise due to the interests of people connected to the individual.
- The trust will also apply the above provision to discussions of the members or the local governors.
- In the above circumstances the individual with the conflict of interest should not speak about the matter, participate in the discussion or otherwise seek to influence any decision to be taken.

8 Record the conflict of interest

8.1 Keeping written records

- The trust's written records will document any conflicts of interest and how they have been dealt with. This will be usually be in the minutes of meetings.
- The written record should include:
 - the nature of the conflict
 - which individuals were affected
 - whether any conflicts of interest were declared in advance
 - an outline of the discussion
 - whether anyone withdrew from the discussion
 - how the decision was made in the best interests of the trust.

8.2 Disclosure of payments or benefits to related parties in annual accounts

- The trust will make sufficient disclosures in its annual accounts to show any transactions with related parties have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

Note: This policy is intended to be consistent with the trust's Articles of Association (the "Articles"). In any conflict between any provision of this policy and the Articles, the Articles shall prevail.