



Zest Academy Trust

Conflicts of Interest and Related Party Transactions Policy

Approved & Adopted By Trust Board: 21/06/2016

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Person Responsible: CFO

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Conflicts of Interest & Related Party Transactions Policy

Introduction

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

Members, Trustees and Academy Council Members of the Trust Board have an obligation to act in the best interests of the school community 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 school. Such interests may create problems as they can inhibit free discussions, result in decisions or actions that are not in the interests of the school, and risk the impression that the school has acted improperly.

Zest Academy Trust has created this policy in order to:

- ensure that every Member, Trustee, Academy Council Member 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 school.

Legal framework

This policy has due regard to statutory legislation, including but not limited to, the following:

- Companies Act 2006

This policy also has due regard to guidance, including but not limited to, the following:

- Charity Commission 'Conflicts of Interest: a guide for charity trustees' 2014
- Department for Education 'Governance handbook' 2020

What are conflicts of interest and related party transactions?

For the purpose of this policy, "conflicts of interest or related party transactions" are any situation where a Member, Trustee, Academy Council Members personal interests or loyalties could, or could be seen to, prevent the individual from making a decision in the best interests of the school.

Identifying conflicts of interest and related party transactions

The school expects Members, Trustees, and Academy Council Members to be able to identify any conflicts of interest or related party transactions at an early stage.

Individual Members, Trustees, Academy Council Members who fail to identify and declare any conflicts of interest or related party transactions, will also fail to comply with their personal legal responsibility to avoid conflicts of interest and act only in the best interest of the school and its pupils.

The Trust Board will ensure that any conflicts of interest or related party transactions do not prevent them from making a decision that would be only in the best interests of the school and its pupils.

Interests that will be declared

Members, Trustees and Academy Council Members will 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

Articles of association

Any member of the Trust Board who has, or can have, a direct or indirect personal interest which could conflict with their duties, will declare that interest to the rest of the Trust Board as soon as he/she becomes aware of it.

Trust Board benefits

Conflicts of interest can arise where there is a potential or measurable financial benefit to a member of the Trust Board, or to a person connected to a member.

Members of the Trust Board can only benefit from the school where there is an explicit authority in place in the school's governing document.

Trust Board benefits include any payments or benefits to members, or a connected person, apart from their reasonable out-of-pocket expenses.

Benefits also include situations where a member of the Trust Board could receive property, loans, good or services from the school.

Where there is a proposed sale or lease of land to a member of the Trust Board, or to a person or company closely connected with a member, this will require authorisation from the Department for Education (DfE) before it is granted, even if the disposal is at full market value.

The payment of reasonable expenses to a member of the Trust Board is not a benefit, and therefore, does not create a conflict of interest or require authorisation.

Conflicts of loyalty

Conflicts of interest or related party interests can also arise, even if the individual does not gain any financial benefit, when their decision-making as a member of the Trust Board could be influenced by their other interests.

Members of the Trust Board will be required to declare any interest which may conflict with their loyalty to:

- another organisation, such as their employer
- a member of their family
- another connected person or organisation
- another Trust Board or committee of which they are a member
- the individual that appointed them to the Trust Board

Members of the Trust Board will also be required to declare any conflicts of interest where their religious, political or personal views could interfere with their ability to make decisions in the best interest of the school.

Declaring interests

The Trust Board will be provided with a standard agenda item at the beginning of each meeting, in order to declare any actual or potential conflicts of interest or related party transactions.

All members of the Trust Board will be required to declare any interest which has been outlined as an item to be discussed, at the earliest possible opportunity and before any discussion of the item itself.

If a member is unsure whether or not they are conflicted, they are required to declare the issue and discuss it with the rest of the Trust Board.

If a member is aware of an undeclared conflict of interest affecting another member, they are required to notify the rest of the Trust Board for appropriate action.

All members of the Trust Board are required to declare any conflicts of interests they have using the [Register of Interests Form](#), which is kept: by the Company Secretary. All related party transactions will be reported to the ESFA.

Removing conflict of interests

The Trust Board will consider any conflict of interest declared, ensuring that any potential effect on decision-making is eliminated.

The Trust Board will follow any legal or governing document requirements on how a conflict of interest must be handled, but may, in serious cases, decide that removing a 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 member is unable to make their decision in the best interest of the school and its pupils.
- Are present in significant high-risk decisions of the trustees.
- Mean that effective decision-making is regularly undermined or cannot be managed in accordance with the required or best practice approach.

In order to remove a conflict of interest, the Trust Board will undertake appropriate action, including:

- Not pursuing the course of action.
- Proceeding with the issue in a different way so that a conflict of interest does not arise.
- Securing the resignation of the member affected by a conflict of interest.
- Not making member appointments which would knowingly introduce a conflict of interest.

Withdrawing from decision-making

Where there is a proposed financial transaction between a member of the Trust Board and the school, or any transaction of arrangement involving a member's benefit:

- The benefit will be authorised in advance.
- The Trust Board will ensure that the member is absent from any part of any meeting where the issue is discussed or decided upon.
- The affected member will not be able to vote or be counted in deciding whether a meeting is quorate.

Where there is a conflict of loyalty and the affected member does not stand to gain any benefit, the member will be required to declare the interest.

The rest of the Trust Board will then decide on what level of participation, if any, is acceptable on the part of the conflicted member.

The Trust Board will decide whether the affected member:

- Can participate in the decision, after having registered and fully declared their interest.
- Can stay in the meetings where the decision is discussed and made, but not participate.
- Must be withdrawn from the decision-making process.

When deciding which course of action to take, the Trust Board will:

- Always make their decisions only in the best interest of the school and its pupils.
- Always protect the school's reputation and be aware of the impression that their actions and decisions may have on others.
- Always be able to demonstrate that they have made decisions in the best interests of the school and its pupils, and independently of any competing interest.
- Require the withdrawal of the affected member from any decisions where their other interest is relevant to a high-risk or controversial decision, or could significantly affect the member's decision-making.
- Allow a member to participate where the existence of their other interest poses a low risk to decision-making in the school's interest, or is likely to have only an insignificant bearing on their approach to an issue.
- Be aware that the presence of a conflicted member can affect trust between other members of the Trust Board, could inhibit free discussion, and might influence decision-making in some way.

The Trust Board may request any information necessary from the affected member, in order to help make the decision in the best interests of the school's and its pupils.

Recording of proceedings

Following a decision, the Trust Board will keep a written record of the following:

- Declare to the ESFA
- The nature of the conflict/related party transaction
- Which members were affected
- Whether any conflicts of interest were declared in advance

- An outline of the discussion
- Whether anyone withdrew from the discussion
- How the trustees reacted to the decision made

The Trust Board will also keep a written record of any payments or benefits that have been made, including under what authority these were made and the reasoning for them.

The Trust Board will not use information obtained at the school for their individual benefit, or that of another organisation, if it has been obtained in confidence or has special value, such as commercial sensitivity.

Monitoring conflicts of interest or related party transactions

The Trust Board will carry out continuous monitoring of its activities and members to ensure that any conflicts of interests are identified and mitigated as soon as possible.

Any member of the Trust Board who fails to declare an interest and is found to be in conflict with their decision-making will be required to explain the reasons for their omission to the rest of the Trust Board.

The Trust Board may decide to terminate the membership of an affected member, if they are found to have knowingly and deliberately failed to declare an interest and have brought the school into disrepute.

Policy monitoring and review

The Trust Board will review this policy on a termly basis, taking into account any conflicts that have arisen and how they have been responded to, and will communicate all changes to the rest of the Trust Board.

All members of the Trust Board are required to read and make themselves familiar with this policy upon their appointment.

Register of Interests Form

Name: John Smith

Position: Head of School

Academies are required to maintain a register which lists for each member, including the Head of School, any interests that they, their partner or member their immediate family have, that might affect their relationship with the school and/or their decision making i.e. employment and election to political bodies corporate boards

Name of business or organisation	Nature of business or organisation	Nature of interest	Date of appointment of acquisition	Date of cessation of interest
John Smith Stationers	Stationer retailer	Managing Director	01/09/20XX	N/A
Sleafird Town Council	Political body	Councillor	15/05/20XX	15/05/20XX

Declaration

I hereby certify I understand that it is my responsibility to declare the nature of all business or personal interests, whether direct or indirect, of myself, my partner and/or members of my immediate family that could unfairly benefit from my relationship and connection with the school.

I also understand that it is a criminal offence to:

- Withhold information relating to conflicts of interest
- Provide falsified information
- Fail to notify the Trust Board of any changes to the above mentioned interests at the earliest possible opportunity.

Signed:

Date: