



Extend Learning
Academies Network

Conflict of Interest Policy

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1. Purpose and Scope

- 1.1. This document sets out the principles for managing potential and actual conflicts of interests or duty affecting the Trustees and Members of Extend Learning Academies Network (ELAN). Its purpose is to enable Trustees and Members to ensure the open and proper management of any particular conflict.
- 1.2. The main duties relating to the management of conflicts of interest fall to the Trustees. However, there are also requirements on the Members as well and so these are also specified below.

2. Background

- 2.1 Trustees have a legal obligation to act in the best interests of Extend Learning Academies Network and in accordance with its articles of association (**articles**), its policies and the laws that apply to it. (This will include any additional requirements of the funding agreement with the Secretary of State and the academy trust handbook). They are expected to act impartially and objectively, and to take steps to avoid conflicts of interest or duty.
- 2.2 Conflicts inhibit free discussion, may result in decisions that are not in the best interests of Extend Learning Academies Network and risk giving the impression that the Trustees (or Members) have acted improperly.
- 2.3 Conflicts can come in all shapes and sizes. The Trustees and the Members should be alive to this, and each Trustee and Member has a responsibility to identify where there may be a conflict in relation to themselves or a person connected to them.
- 2.4 This policy is not intended to inhibit the normal course of business. While recognising that identifying and managing conflicts is very important, the Trustees wish to deal with them in a way which recognises the materiality of the risk that a particular conflict may pose to the best interests of Extend Learning Academies Network.

3. Legal Context

- 3.1 There are some fundamental legal issues Trustees should ensure they understand. These are summarised below.
- 3.2 **Duty to avoid conflicts**
 - 3.2.1 Every Trustee owes a duty to avoid any conflict of interest or loyalty. The duty is not simply to mitigate any conflicts that arise, but to avoid them altogether. In this context the duty does not simply relate to actual conflicts of interest or loyalty, but rather a Trustee must avoid a situation where they have , or can have, a direct or indirect interest or loyalty that conflicts, or possibly may conflict, with Extend Learning Academies Network interests.
- 3.3 **Types of conflict**
 - 3.3.1 A conflict will typically arise where a Trustee has:
 - A conflict of loyalty; and/ or
 - A personal interest (i.e. monetary interest) in a proposed transaction. This is often referred to as a 'Trustee Benefit' or a 'Related Party Transaction'.

These are considered in further detail below.

3.4 **Conflicts of loyalty**

3.4.1 A Trustee who owes a duty to another body (which may be because they are a governor, trustee, director, shareholder, member, officer or employee of that other body) might find that the duty conflicts with their duty to Extend Learning Academies Network. Even though the Trustee might not have any personal (i.e. monetary) interest in the transaction, and cannot benefit from it personally, he or she will have a conflict of loyalty.

3.5 **Trustee benefits and related party transactions**

3.5.1 In some cases, a conflict of interest or loyalty might also involve a payment being made to the Trustee or a person (or business) connected to a Trustee. This is referred to as a 'Trustee Benefit'. A transaction which is entered into which confers a Trustee Benefit is referred to as a 'Related Party Transaction'.

3.5.2 In order for a Trustee to receive a Trustee Benefit, there must be express legal authority. Such authority might be given under the articles of association (typically subject to a specific procedure being complied with) or on a case by case basis by the Charity Commission.

3.5.3 If a Trustee Benefit is received by a Trustee without authority, this will amount to a breach of trust and the relevant Trust could be liable for repaying all or part of the Benefit to Extend Learning Academies Network. This is irrespective of whether Extend Learning Academies Network might have received value (e.g. services provided) in return for the Benefit.

3.5.4 We consider Trustee Benefits and Related Party Transactions in more detail at paragraph 11 below.

4. Declaration of interests by both Trustees and Members

4.1 On their appointment, and at least once each year, Trustees and Members must declare their interests on the declaration of interests form attached at Appendix 2. This includes:

4.1.1 Directorships, partnerships and employments with businesses,

4.1.2 Trusteeships and governorships at other educational institutions and charities; and

4.1.3 Any material interests arising from close family relationships between the Members or Trustees, and relationships between Members or Trustees and employees.

4.2 The Clerk to the Trustees will use the information provided by Trustees and the Members to maintain a register of interests. The register will be accessible to all Trustees and Members.

4.3 Trustees and Members should amend their declarations of interest as soon as possible following any change in their circumstances and will, in any event, be invited to update their entries at the first Trustees' or Members' meeting in each calendar year.

4.4 In addition to completing and updating the declaration of interests, every Trustee must declare to the other Trustees and the Clerk to the Trustees the nature and extent of any direct or indirect interest he or she may have in any existing

transaction or arrangement with Extend Learning Academies Network or any transaction or arrangement proposed with Extend Learning Academies Network of which the Trustee is aware.

- 4.5 A Trustee's declaration must be made to the other Trustees and the Clerk to the Trustees:
 - 4.5.1 at a Trustees' meeting at which the transaction or arrangement is to be discussed; or
 - 4.5.2 By written notice sent by post or email to the other Trustees and the Clerk to the Trustees using the form of notice attached at Appendix 3.
- 4.6 The Trustee must give notice to the other Trustees and the Clerk to the Trustees before any proposed transaction or arrangement is entered into or, in any other case, as soon as reasonably practicable. The declaration of any interest will be an agenda item for every Trust Board and committee meeting.
- 4.7 If Trustees are unsure of what to declare, or whether/when their declaration needs to be updated, they should contact the Clerk to the Trustees for guidance.

5. Publishing information relating to Trustees' and Members' interests

- 5.1 In accordance with the academy trust handbook, the Clerk to the Trustees must publish relevant business and pecuniary interests of Trustees and Members (including governance roles in other educational institutions on the Extend Learning Academies Network website). An interest will be considered to be 'relevant' in circumstances where it might give rise to a potential conflict of interest.
- 5.2 Extend Learning Academies Network 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 (the Charities SORP, FRS 102, effective 1 January 2015).

6. Data Protection

- 6.1 The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that Trustees and Members act in the best interests of Extend Learning Academies Network. The information provided will not be used for any purpose other than those set out in this policy, or the declarations or notices themselves.

7. Managing the conflict of interest

- 7.1 Where a Trustee has an interest or a loyalty exists which conflicts or may conflict with his or her duties as a Trustee of Extend Learning Academies Network., the Trustee must:
 - 7.1.1 disclose that fact as soon as he or she becomes aware of it; and
 - 7.1.2 Absent himself or herself from any discussions of the Trustees in which it is possible that a conflict will arise between his or her duty to act solely in the interests of Extend Learning Academies Network and any other duty or personal interest he or she might have.
- 7.2 Where a Member has an interest or loyalty exists which conflicts or may conflict

with his duties as a Member of Extend Learning Academies Network., the Member must:

- 7.2.1 disclose that fact as soon as he or she becomes aware of it; and
- 7.2.2 if requested by the other Members, absent himself or herself from any discussions of the Members in which it is possible that a conflict will arise between his or her duty to act solely in the interests of Extend Learning Academies Network and any other duty or personal interest he or she might have.

8. Parent Trustees and Members

- 8.1 Trustees and Members who are also parents of pupils at Extend Learning Academies Network will have a personal interest in the provision of education to their child. The articles allow parent Trustees and Members, as beneficiaries, to receive educational services on the same terms as those provided to all pupils by Extend Learning Academies Network.
- 8.2 In order to manage the potential conflict that may arise for parent Trustees as a result of their interest in their child's education by Extend Learning Academies Network.
 - A parent Trustee should not vote or count in the quorum on, or discuss, any matter which relates specifically to their child. This will include any decision in respect of disciplinary action which might be taken against him or her; and
 - A parent Trustee is authorised to vote and count in the quorum and discuss any matter which relates to pupils of Extend Learning Academies Network generally.
- 8.3 We wouldn't expect such matters to be discussed at Members' meetings but should this be the required, the above will also apply in respect of Parent Members.
- 8.4 Parent Trustees and Members should give a notice declaring their interest in their child's education by Extend Learning Academies Network. The interest will be identified in the register of interests.

9. Expenses

- 9.1 The Charity Commission describes expenses as "*refunds by a charity of legitimate payments which a trustee has had to meet personally in order to carry out his or her trustee duties*".
Expenses includes:
 - 9.1.1 the reasonable cost of travelling to and from trustee meetings, and on trustee business and events;
 - 9.1.2 the reasonable cost of childcare, or care of other dependents (for example, an elderly parent) whilst attending trustee meetings;
 - 9.1.3 the cost of postage and telephone calls on charity business; and
 - 9.1.4 Cost of reasonable overnight accommodation and subsistence (including any essential care costs) while attending trustee meetings or other essential events such as voluntary sector conferences or specialist training courses.

- 9.2 The following should not be classified as 'expenses':
- 9.2.1 compensation for loss of earnings whilst carrying out trustee business; or
 - 9.2.2 honoraria payments (small or token sums not intended to reflect the true value of the service provided); or
 - 9.2.3 Expenses in connection with foreign travel.
- 9.3 The [Chair of the Trust Board], (or in his or her absence, [the Vice-Chair]) has the authority to approve expense claims from Trustees.
- 9.4 Expense claims should normally be supported by bills or receipts, except where it is impractical to expect this, for example, where very small amounts are claimed.

10. Trustee Benefits and Related Party Transactions

10.1 What is a 'Benefit'?

10.1.1 A "Benefit" includes any property, goods or services which may have a monetary value, as well as money. This will include payments to a Trustee for providing goods or services to Extend Learning Academies Network on normal commercial terms. A Trustee who may derive any personal benefit of this kind from a transaction with Extend Learning Academies Network will have a conflict between their duty to Extend Learning Academies Network and their own personal interest in the benefit. It is the potential benefit (rather than any actual benefit) which gives rise to this conflict of interest.

10.1.2 Payments in respect of expenses are not classified as 'Benefits' and are considered in further detail in paragraph 10 below.

10.2 Connected persons

10.3 The restriction on the receipt of Trustee Benefits also extends to persons or bodies which are connected to the Trustee. A Trustee can be put in a position of conflict where Extend Learning Academies Network enters into a transaction or arrangement with a member of their family or a business in which they are a shareholder or partner or anyone else who is "connected" to them. Any benefit to the connected person is a benefit to the Trustee. The definition of a connected person for these purposes is as follows:

- (a) any child, stepchild, parent, grandchild, grandparent, brother, sister or spouse of the Trustee or any person living with the Trustee as his or her partner;
- (b) a firm or company in which the Trustee is: a partner, an employee, a consultant, a director, a member or a shareholder (unless the payment is to any company which has shares listed on a recognised stock exchange and in which a Trustee owns no more than 1% of the issued shares);
- (c) A firm or company in which an individual listed in (a) above is connected in the ways set out in (b).

10.4 General Trustee Benefits

10.4.1 Trustees are expressly authorised to receive the following "general" Benefits (i.e. Benefits that are available to all Trustees):

- Indemnity insurance paid for by Extend learning Academies Network;
- Indemnity payments from Extend Learning Academies Network under its articles;
- reasonable expenses properly incurred by the Trustee in acting as a Trustee and paid or reimbursed by Extend Learning Academies Network(which are not considered to be 'Benefits' at all) but excluding expenses in connection with foreign travel; and
- payments to any company which has shares listed on a recognised stock exchange and in which a Trustee owns no more than 1% of the issued shares.

10.5 Specific Trustee benefits

10.5.1 In addition, Trustees may also receive the following "specific" Benefits (i.e. Benefits made available to individual Trustees) in accordance with an authority under Extend Learning Academies Network articles:

- Payments made to any Trustee in their capacity as a beneficiary of Extend Learning Academies network;
- Payments received under a contract of employment;
- Reasonable and proper remuneration for goods or services supplied to Extend learning Academies network, other than for acting as a Trustee;
- Interest on money lent to Extend Learning Academies Network by a Trustee at a reasonable and proper rate not exceeding 2% per annum below the base rate of a clearing bank to be selected by the Trustees, or 0.5%, whichever is the higher; and
- Rent on property leased to Extend Learning Academies Network by a Trustee if the amount of the rent and the other terms of the lease are reasonable and proper rate.

10.5.2 These Benefits however will only be authorised if the procedure set out in article 6.8. is complied with. Where a conflict is authorised, the Trustee will not be in breach of his or her duty to avoid it, but the conflict must be managed.

10.5.3 Please note that a Trustee cannot receive payment for acting as a Trustee unless this is specifically authorised by the Charity Commission.

10.6 The management of Trustee Benefits and Related Party Transactions

10.6.1 A flowchart is included in Appendix 1 to assist in the identification and management of Trustee Benefits.

10.6.2 The minutes of the Trustees' meeting will record the nature and extent of

any conflict and summarise the discussion and the actions taken to manage the conflict.

11 Buying services from Trustees/Members/Connected Persons

11.1 When buying services from Trustees (or persons or bodies connected to Trustees) or Members, in addition to complying with the necessary procedures relating to Related Party Transactions as set out in Appendix 1 where relevant, Extend Learning Academies Network will need to ensure that:

11.2 The contract had been properly procured in accordance with the Extend Learning Academies Network procurement policy; and

11.3 The terms of the academy trust handbook relating to the 'at cost' principle have been complied with - i.e. that the contract is not 'for profit' (see the handbook for further details).

11.4 Reporting and approval of related party transactions

11.4.1 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](#).

11.4.2 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 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. (see the handbook for further details)

12 Further Reading

Further guidance on the management of conflict of interests can be found here:

<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29>

Further guidance on the matter of Trustee Benefits can be found here:

<https://www.gov.uk/government/publications/trustee-expenses-and-payments-cc11>

Appendix 1 The Management of Related Party Transactions

When considering this issue, the Trustees will need to consider the following questions:

Question 1: Is there a Benefit?

A Benefit is a financial or other measurable benefit paid to a Trustee, or to a 'connected person' (please see below), from Extend Learning Academies Network. Benefits might also be made paid 'in kind' - for example, free use of Extend Learning Academies Network facilities or services for which users normally have to pay.

**If yes, please proceed to
Question 2**

TIP! Trustees' Expenses

A refund of properly incurred expenses is not a Benefit". Article 6.5 permits a Trustee to be reimbursed for expenses properly incurred in relation to their role. However, expenses in relation to foreign travel cannot be recovered.

Question 2: Is the Benefit being paid to a Trustee or to a connected person?

- a) Is the person receiving a Benefit a Trustee?
- b) Is the person receiving a Benefit a child, stepchild, parent, grandchild, grandparent, brother, sister, spouse or cohabiting partner of the Trustee?
- c) Is the Benefit to be received by a company or firm of which a Trustee or any of the persons listed in b) is:
 - a partner,
 - an employee,
 - a consultant,
 - a director,
 - a member, or
 - a shareholder of the company?

**If yes to a), b), or c), please
proceed to Question 3**

Question 3: Does the Benefit fall into the following list?

Please check whether the Benefit falls into list A, B or C below. If the Benefit is not listed, then it is not permitted unless specific Charity Commission consent is secured

List A

- 1 **Indemnity insurance.** Article 6.3 allows Extend Learning Academies Network to protect Trustees from liability for negligence or breach of their duties with indemnity insurance. However, the insurance cannot cover a deliberate breach of duty by a Trustee or a situation in which the Trustee knew that he might be breaching his duties. There are also some other specific restrictions on the scope which the insurance can cover.

- 2 **Trustees' investments in shares.** Extend Learning Academies Network is permitted to receive payment or other benefit from public limited companies in which a Trustee holds no more than 1% of the shares (article 6.4). In most cases, this means that Extend Learning Academies Network can contract freely with other companies, without Trustees with small investments in shares in such companies breaching their duties to Extend Learning Academies Network.

If List A applies, no further steps are required to authorise the benefit.

List B

- 3 **A beneficiary of Extend Learning Academies Network.** This might be the case if, for example, a parent Trustee were to attend the academy for evening classes.
- 4 **Being employed by Extend Learning Academies Network or entering into a contract for the supply of goods or services to Extend Learning Academies Network, other than for acting as a Trustee.** Please note that a benefit paid to an individual who is already an existing employee of Extend Learning Academies Network who is subsequently elected or appointed as a Trustee will instead fall under List B.
- 5 **Receiving interest on money lent** to Extend Learning Academies Network at a reasonable and proper rate not exceeding 2% per annum below the base rate of a clearing bank to be selected by the Trustees, or 0.5%, whichever is the greater.
- 6 **Receiving rent for premises** let by the Trustee to Extend Learning Academies Network if the amount of the rent and the other terms of the lease are reasonable and proper.

If List B applies, please comply with Process B to authorise the benefit

List C

- 7 The benefit is to be paid to an individual who is already an existing employee of Extend Learning Academies Network who is subsequently elected or appointed as a Trustee - most commonly a staff Trustee.

If List C applies, please comply with Process C to authorise the benefit

Process B

- 1 The remuneration or other sums paid to the Trustee must not exceed an amount that is reasonable in all the circumstances.
- 2 The Trustee must absent himself from the part of any meeting at which there is discussion of:
 - his or her employment, remuneration, or any matter concerning the contract, payment or benefit; or
 - his or her performance in the employment, or his or her performance of the contract; or
 - any proposal to enter into any other contract or arrangement with him or her or to confer any benefit upon him or her; or
 - Any other matter relating to a payment or the conferring of any benefit.
- 3 The Trustee must not vote on any such matter and is not to be counted when calculating whether a quorum of Trustees is present at the meeting.
- 4 (if relevant) The other Trustees are satisfied that it is in the interests of Extend Learning Academies Network to employ or to contract with that Trustee rather than with someone who is not a Trustee. In reaching that decision the Trustees must balance the advantage of employing a Trustee against the disadvantages of doing so (especially the loss of the Trustee's services as a result of dealing with the Trustee's conflict of interest).
- 5 The reason for their decision is recorded by the Trustees in the minute book.
- 6 A majority of the Trustees then in office have received no such payments or benefit.

Process C

- 1 The Trustee must absent himself from the part of any meeting at which there is discussion of:
 - his or her employment, remuneration, or any matter concerning the contract, payment or benefit; or
 - his or her performance in the employment, or his or her performance of the contract;
- 2 The Trustee must not vote on any such matter and is not to be counted when calculating whether a quorum of Trustees is present at the meeting.

Appendix 2 Register of Business, Pecuniary and Other Interests

Name: <i>(Please print)</i>
Address:
<p style="text-align: center;"> Member <input type="checkbox"/> Trustee <input type="checkbox"/> Governor <input type="checkbox"/> Member of Staff <input type="checkbox"/> </p> <p><i>(Please tick relevant box)</i></p>

It is a legal requirement that the Trust maintain a Register of Business, Pecuniary and Other Interests. Each Member, Trustee, Governor and member of staff are required to complete a declaration annually and ensure that it is updated throughout the year as and when any Personal, Business or Pecuniary interest may arise.

Which Interests Should I Declare?

- Any conflict of interest – where 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
- Any conflict of loyalty – where your loyalty or duty to another person or organisation could prevent you from making a decision only in the best interests of the Trust
- Any business or pecuniary interest (direct or indirect) – including any links you have with local businesses or organisation from which the Trust may / does buy goods or services from
- Any of the above which apply to members of your immediate family.

When Should I Declare Them?

- Annually when completing this form
- Whenever your circumstances change
- As soon as it is practical and at any meeting where the proposal, contract or other matter is being discussed and / or voted on.

If you have no such interests please write “NIL” in the table below – for completeness of the Trust’s records NIL returns are required.

Pecuniary interests	Please provide details of the interest
Please indicate if you are an employee of the Trust and your position	Employed by the Trust: Yes <input type="checkbox"/> No <input type="checkbox"/> Position:
Please indicate if you are an employee/governor/trustee/volunteer at another School / Academy / Trust	
Please detail any businesses of which you are a Partner or Sole Proprietor	
Please detail all companies of which you are a Director	
Please detail all organisations of which you are a Trustee	
Please detail any membership of professional bodies, membership organisations, public bodies or special interest groups of which you are a member and have a position of general control or management	
Please detail any gifts or hospitality offered to you by external bodies while acting in your position as a governor/trustee/staff member and whether this was declined or accepted in the last 12 months	
Please detail any directorships, partnerships or employments with businesses that provide goods and/or services to the trust/schools	
Please detail any immediate family members or people you have close connections to that are an employee/governor/trustee within the trust/schools.	
Please detail any business involvement/company directorships or trusteeships of any family members or people that have close connections to you that provide goods and/or services to the trust/schools.	
Any other relevant interests	
<p>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 for the Trust 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.</p> <p>I agree to review and update this declaration annually and give consent for the information provided to be used in accordance with the trust/school's conflicts of interest policy.</p> <p>Signed Date</p>	

Appendix 3 Notice of interest

Notice of interest(s)

In my capacity as a [Trustee] [Member] of Extend Learning Academies Network, I hereby give you notice of the following interest(s):

Interest	Nature and extent of interest

Please treat me as interested in any transaction or arrangement between Extend Learning Academies Network and anybody corporate, firm or other person specified above.

I should be grateful if this notice could be tabled and read at the next meeting of the [Trustees] [Members].

Yours faithfully

Trustee:

Date: