



**Cabot
Learning
Federation**

Conflict of Interest

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1 Introduction

This policy sets out the framework and responsibilities for identifying and managing actual and potential conflicts of interest ensuring that the decisions and decision-making processes are seen to be free from personal bias and do not unfairly favour any individual or company connected with the Federation.

Conflicts of interest (whether real or perceived) cannot always be eliminated but they need to be identified so that they can be avoided or managed appropriately in accordance with this policy.

This policy is reviewed by the Finance Executive Committee and approved by the CLF Trustees and will be reviewed on a biannual basis from 2024/25.

2 Policy Statement

The Federation is committed to undertaking and being seen to undertake all its activities to the highest possible standards of propriety and integrity expected of a public body. The Federation, its staff, Members and Trustees will act fairly, honestly and with integrity in all aspects of what they do upholding the Seven Principles of Public Life established by the Nolan Committee.

3 Application of Policy

This policy applies to all Federation staff, Members, Trustees and Councillors and sets out the minimum requirements that must be met. On any occasions where staff, Members, Trustees or Councillors are concerned that a circumstance or event whilst complying with this policy may still lead to a potential or actual conflict of interest (whether real or perceived), they should consult with the Chief Operating Officer to seek further advice.

4 Conflicts of Interest

A conflict of interest exists where a member of staff, Member, Trustee or Councillor's personal interests or loyalties could, or could be seen to prevent them making a decision which is in the best interest of the Federation.

A conflict of interest will occur when there is a divergence between an individual's private interests (or those of any connected parties) and the interests of the Federation and its academies, where an independent observer might reasonably question whether the individual's actions or decisions are determined by considerations of personal gain, whether financial or otherwise.

A conflict of interest is a set of circumstances which creates a risk that an individual's ability to discharge their duty to act in the best interests of the Federation is compromised because their judgement could be impaired or influenced by a secondary interest.

Conflicts might occur due to the possibility of individuals or connected parties having:

- direct or indirect financial interests
- non-financial or personal interests
- conflicts of loyalty where decision makers may have competing loyalties between the Federation and the other party

5 Declaration of Interest

The CLF is required to maintain a register of business and pecuniary interests for Trustees, Members, Executive Team, Academy Council members and Principals.

A declaration form is completed on a bi-annual basis in September and February of each financial year. Any changes outside of the declaration timetable must be notified to the Chief Operating Officer in a new declaration of interest form, within 28 days of the interest being known.

The register of interests is used to identify any potential actual or perceived conflicts of interest to enable the Federation to avoid or appropriately manage them. This supports ensuring procurement and trading activities are fair to all parties involved and helps the Federation ensure that the highest standards of propriety and conduct are met.

If a Trustee, Member, Executive Team member, Councillor or Principal believes that there is a potential conflict of interest which is inappropriate to be shown on the register for personal reasons, they can set out a case to the Chief Operating Officer who will decide whether that interest should not be included on the register.

Every governance meeting agenda must contain a standard agenda item to declare any actual or potential conflict of interests at the beginning of each meeting with all declarations being made before any agenda items are discussed. If an attendee is uncertain if a conflict exists, they should declare and discuss it with the other attendees. If an attendee is aware of an undeclared conflict of interest affecting another attendee or connected party, this should also be declared.

Where there is a declared conflict of interest, the relevant attendee should withdraw from the discussion and decision making / voting that takes place concerning that conflict of interest.

6 Pecuniary and Non-Pecuniary Interests

There are several interests that could potentially conflict with an individual's duty to act in the best interests of the Federation.

The interests listed below must be declared by staff, Members, Trustees and Councillors if they have an interest or a connected party has an interest.

6.1 Pecuniary Interest

Pecuniary (monetary/financial/business) interests include, but are not restricted to:

- A financial interest in a company or organisation as the beneficial owner of more than 1% of the issued capital
- Employment in any business that provides goods, services or consultancy to the Federation

6.2 Non-Pecuniary Interests

Non-pecuniary (non-monetary/financial) interests include, but are not restricted to:

- partner or related to other members of staff, Members or Trustees
- the pursuit of a business interest or opportunity that is a potential conflict with the best interests of the Federation.
- a professional or legal responsibility to someone else or another body that is in potential conflict with the best interests of the Federation.
- having a beneficial interest in a trust that is in potential conflict with the best interests of the Federation.
- receiving a gift, hospitality or other benefit from an organisation that has or is likely to do business with the Federation.
- membership of a society or organisation that is in potential conflict with the best interests of the Federation, including Trusteeships and Governorships at other educational institutions or charities (irrespective of whether there is a trading relationship).
- holding another public office.
- close personal relationships with people or organisations that undertake business with the Federation.
- a potential benefit in the future, such as the offer of employment or other benefits, from an organisation which undertakes or could undertake work on behalf of the Federation.

7 Connected Parties

A connected party is defined as;

- a relative - defined as a close member of the family or member of the same household,
- an individual or organisation carrying on business in partnership the party or a relative of the party
- a company in which the party or a relative of the party (separately or together) holds more than 20% of the share capital or is entitled to exercise more than 20% of the voting power at any general meeting of that company
- an organisation which is controlled by the party or a relative, (acting separately or together).
- any individual or organisation recognised as a sponsor of the Federation

A body is related to another individual or organisation if it;

- is controlled by the individual or organisation
- controls the organisation; or

- is under common control with the individual or organisation

Control means;

- holding more than 20% of the share capital (or equivalent interest);
- having the equivalent right to control management decisions with regard to the body; or
- having the right to appoint or remove a majority of the board.

In the case of connected parties, the interests of a connected party are deemed also to be the interest of the staff member, Member, Trustee, or Councillor. Declarations of Interest must include those of the connected party where the interest may cause a conflict of interest.

8 Personal Relationships and Family Members

Staff members, Members and Trustees should declare if they are related to or have a partner who is a staff member, Member or Trustee within the Federation.

Staff members, Members or Trustees who have declared a partner or family member who is a member of staff must not be involved in the recruitment, selection, appraisal, promotion or other processes involving the member of staff or where conflict of interest may exist.

Applicants for jobs within the Federation will be asked to declare whether they are related to, or are closely acquainted with, any members of the Federation Board or senior managers within the Federation.

9 Related party transactions

As a basic principle, the CLF will avoid purchasing from any identified related party. Where purchases are required, pre-authorisation by the CEO or COO is mandatory.

A related party is a person or entity with control or significant influence over the academy trust and members of the same group of companies.

Any purchase above £2,500 either individually or cumulatively over the financial year must meet the at cost requirements. Any purchases above £40,000 during the same period will require approval by the ESFA in advance using the ESFA online form. The CLF will not transact with the related party until ESFA approval has been granted.

The approval requirement does not apply in the following circumstances:

- Transactions for the supply of goods or services to a trust by the following educational establishments
 - Colleges, universities and schools which are sponsors to CLF
 - State funded schools and colleges, including academies

Related party transactions are disclosed in the company financial statements detailing 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.

10 Information processing

All information collated and recorded on the central Register of Interests is maintained by the Head of Governance.

The register will be published on the Federations website including the details of relevant business and pecuniary interests of Trustee, Member, Executive Team member, Academy Councillor or Principal in line with the Academy Trust Handbook.

11 Decision making

Where there is a conflict of interest the individual will remove themselves from the decision-making process.

In the event of a decision being made to award a contract where a conflict of interest exists, the Federation can only enter into the contract if it has been properly procured following the Federation's financial regulations.

The Federation must consider whether the transaction could be seen to be 'Novel or Contentious' as defined by section Academies Trust Handbook and if so, it must be referred to the ESFA for its prior approval.

12 Withdrawing from decision making

Where there is a proposed financial transaction where a conflict of interest has been identified;

- The transaction must be authorised in advance by the COO and CEO and reported to the Audit Committee. If there is no Finance Committee meeting planned within the time frame of authorisation being required, the Chair of the Audit Committee can be contacted to authorise the benefit. If the person affected is the Chair of the Audit Committee then the Chair of the Trustees plus one other finance Trustee/Governor must authorise the transaction.
- The Trustees and governing body expects the declarer to be absent from any part of any meeting where the issue is discussed or decided.
- The affected individual should not vote or be counted in deciding whether a meeting is quorate.

At any Federation governance meeting, where there is a conflict declared, but the declarer does not stand to gain any benefit, the chair and remainder of the voting members must then decide what level of participation, if any, is acceptable on the part of the conflicted declarer. The options include;

- Can stay in the meetings where the decision is discussed and made, but not participate.
- Should withdraw fully from any discussion and leave the meeting for that agenda item.

Trustees/Governors can, before their discussion, ask a Trustee/Governor/Senior Employee who is withdrawing, to provide any information necessary to help make the decision in the best interests of the Trust and its pupils.