



# **PolyMAT**

## **CONFLICT OF INTEREST POLICY**

Reviewed: November 2023

Approved: December 2023

Revision due: December 2024

## **1. Introduction**

1.1 PolyMAT (the Trust) is a charitable company limited by guarantee and governed by its Articles of Association. The Trustees are both company directors and charity trustees.

1.2 Trustees have a legal obligation to act in the best interests of the Trust, to act in accordance with its governing document, and to avoid situations where there may be a potential conflict of interest. Local Academy Committee Members and staff have similar obligations.

1.3 This policy applies to Trustees, Local Academy Committee Members and staff of PolyMAT.

## **2. What is a Conflict of Interest?**

2.1 A conflict of interest is a situation in which your personal interests conflict with the interests of the Trust. 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, as a result of being a Trustee and/or Director of another organisation).

2.2 A conflict of interest may arise as a result of circumstances affecting a person connected with you. "Connected persons" would include individuals who are family members and other bodies in which you or your family members have certain interests. These are fully explained in Appendix 1.

2.3 Trustees 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. Local Academy Committee Members and staff members have similar duties.

2.4 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. As a result, Trustees, Local Academy Committee Members and staff need to be conscious of conflicts at all times. You should consider whether there is anything, or any connection, which could potentially divert your mind from giving sole consideration to promoting the success of the Trust.

## **3. What is a related party transaction?**

3.1 The ESFA's Academies Accounts Direction sets out that, for multi 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 Trustee 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

3.2 Such transactions are permitted under company law, charity law and under the Academies Financial Handbook, provided that open and transparent procurement procedures have been followed, and any potential conflicts of interest are adequately and appropriately managed.

3.3 Therefore, any related party transactions and potential conflicts between the interests of the Trust and the interests of an individual must be:

- Identified;
- Declared;
- Managed in accordance with the Articles; and
- Minuted.

#### **4. Managing potential conflicts of interest**

4.1 The Trust 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 the Trust's procurement policy; and
- Decision making is based on a value for money assessment

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

5.1 Trustees, Local Academy Committee Members and members of the senior leadership teams are required to declare their interests in connection with their role in the Trust. A Declaration of Interests Form is attached at Appendix 2, listing the types of interest that should be declared. This form is in line with the Academies Financial Handbook, which requires trusts to maintain a register of interests which 'must capture relevant business and pecuniary interests of members and trustees of academies within a multi-academy trust and senior employees.

5.2 The Declaration of Interest form should be completed:

- by all new Trustees, Local Academy Committee Members and the senior leadership team, and taken into consideration prior to appointment;
- Annually by all existing Trustees, Local Academy Committee Members and the senior leadership teams;
- When any existing Trustee, Local Academy Committee Members or the senior leadership teams become aware of a new interest.

5.3 These details will be entered in the central register of interests. Directors shall be made aware of any possible conflicts of interest involving the prospective Trustees, Local Academy Committee Members or staff members.

5.4 Each agenda for Trustee and Local Academy Committee meetings will include an item for declaration of interests and identification of any conflicts or potential conflicts of interest. Any new interests declared in this way will be entered in the register of interests.

5.5 If there is any uncertainty about whether an interest gives rise to a conflict, the other members have the right to determine by a majority decision (without the interested trustee, Local Academy Committee Members 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 unconflicted members based on an objective evaluation. In the event of a split vote, independent external moderation will be used where conflicts cannot be resolved.

5.6 Once it has been established that a situation exists in which the interests of a Trustee, Local Academy Committee Members and members of the senior leadership teams, or a person connected with them, might conflict with the interests of the Trust, that situation must be managed by: (a) absenting him/herself from any discussions in relation to the matter; (b) not taking part in any vote on the matter; and (c) not being counted in the quorum in relation to that decision.

5.7 Minutes of the meetings of Trustees and Local Academy Committee Members 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 Interest Disclosure requirements**

6.1 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.

6.2 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

6.3 The Department for Education also require related party transactions, as defined in the Academies Financial Handbook, to be at cost only, with no profit allowed. The 'at cost' requirement applies to contracts for goods and services from a connected party exceeding £2,500 (the de minimis), cumulatively, in any one financial year of the Trust. Where a contract takes the cumulative total beyond the de-minimis, the element above the de-minimis must be at no more than cost.

6.4 Any connected party supplying goods or services to the Trust must complete the statement of assurance as set out in Appendix 3 to confirm that the goods and services are being supplied 'at cost' only.

## **7. Additional considerations where interests arise from potential benefits to a Trustee**

7.1 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 Trust Articles. When authorising conflicts, Trustees and Academy Committee Members must always consider their own statutory duties by, for example, considering whether authorising the conflict is in the best interests of the Trust.

## **8. Reporting and Notification**

8.1 The Clerk shall keep a register of interests declared by the Trustees, Local Academy Committee Members and senior leadership team, and shall ensure that the register is updated at least annually. The Clerk will annually issue the declaration of interest forms to all Trustees, Local Academy Committee Members and the senior leadership team and will collate a central register of interests. All Trustees, Local Academy Committee Members and the senior leadership team should notify the Clerk of any in-year changes which need to be made to their entry in the register of interests when those changes occur.

8.2 The Audit Committee will review this register of interests annually, before issuing to the Board of Trustees for full oversight. The register will also be placed on the Trust's website for full transparency.

8.3 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.

## **9. Accounting**

9.1 All transactions with Trustees and persons connected with them shall be reported to the auditors and noted in the Trust's annual accounts as related party transactions in accordance with the Statement of Recommended Practice on charity accounting.

## **10. Policy Review**

10.1 This policy shall be reviewed annually by the Audit Committee.

## **CONFLICTS AND THE COMPANIES ACT 2006**

### **APPENDIX 1 Companies Act Duties**

1. Under the Companies Act 2006, the Trustees have the following duties in respect of conflicts of interest. All staff have similar duties:

1.1 to avoid situations in which they have, or can have, a direct or indirect interest that conflicts, or might conflict, with the interests of the PolyMAT (the Trust) (section 175).

1.2 to declare an interest in proposed transactions or arrangements (section 177). There is also a separate requirement to disclose interests in an existing transaction or arrangement (section 182).

1.3 not to accept benefits from third parties (section 176). This duty is not infringed if the acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.

2. The duty to avoid conflicts of interest will not be infringed if:

2.1 the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or

2.2 provisions in the Articles for dealing with conflicts of interest have been complied with; or

2.3 the other Trustees have authorised the situation (in a permitted manner). In a charitable company, the Articles must give the Trustees power to authorise conflicts.

### **Identifying connected persons**

3. "Connected person" includes any person falling within one of the following categories:

3.1 any spouse, civil partner, parent, child, step-child, brother, sister, grandparent or grandchild of a Trustee;

3.2 any other person in a relationship with a Trustee which may reasonably be regarded as equivalent to such a relationship; or

3.3 any company or firm of which a Trustee is a paid director, partner, consultant or employee, or shareholder holding 1% or more of the issued capital.

**DECLARATION OF INTEREST FORM APPENDIX 2**

PolyMAT

Company No. 9078530

Trustee / LAC Member/ Academy Senior Leadership Team

I ..... as Trustee/LAC Member/ Academy Senior Leadership

Team of PolyMAT (the Trust) have set out below my interests in accordance with the Trust's conflicts of interest policy.

Category	Please give details of the interest and whether it applies to yourself or, where appropriate, a member of your immediate family or some other close personal connection
A. Current employment and any previous employment in which you continue to have a financial interest.	
B. Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority memberships, tribunals etc.	
C. Membership of any professional bodies, special interest groups or mutual support organisations.	
D. Companies in which you hold more than 1% of the share capital.	
E. Any contractual relationship with the Trust, or any of the constituent academies (please circle as appropriate).	<ul style="list-style-type: none"> <li>• YES</li> <li>• NO</li> </ul>
F. If you have answered 'Yes' to section E, have you completed the required assurance statement and can you confirm that you provide goods/services to the Trust 'at cost' only (please circle as appropriate)?	<ul style="list-style-type: none"> <li>• YES</li> <li>• NO</li> </ul>

Category	Please give details of the interest and whether it applies to yourself or, where appropriate, a member of your immediate family or some other close personal connection
G. Any "connected persons" eg. A family member who is employed by the Trust. If so please provide the relevant details.	
H. Any other conflicts that are not covered by the above.	

***Please tick as appropriate***

I do not have any conflicts of interest in relation to my role with PolyMAT (nil return).	
I do have some potential conflicts of interest in relation to my role with PolyMAT, and have set them out above.	

To the best of my knowledge, the above information is complete and correct. In declaring my interests, I will review and update my interests annually, or sooner if necessary if new interests arise, and will specifically notify any such interest at any meeting where a decision which affects my personal interests will be made, and I will absent myself entirely from any decision on the matter and not vote on it.

I give my consent for this information to be used for the purposes described in the conflicts of interest policy and for no other purpose.

Signed: -----

Position: -----

Date: -----



**PRO-FORMA STATEMENT OF ASSURANCE APPENDIX 3**

This form is for completion by an individual or organisation (the 'supplier'), defined in the Academies Financial Handbook (the 'handbook') as a 'connected party' to an academy trust. Individuals and organisations supplying goods or services to a connected trust must charge no more than cost (defined at the end of the form). This form will also help trusts comply with their funding agreement obligations.

**Section 1: 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?	<i>Yes / No</i>
Nature of contract	<i>E.G. building supplies or professional services</i>

**Section 2: 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 the academy trust 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 £'000	Indirect costs £'000	Total £'000
Year 1			
Year 2			
Year 3			
Total			

### Section 3: Supplier certification

Certification of supplier	
I certify, on behalf of [name of supplier] that:	
<ul style="list-style-type: none"> <li>the goods and services detailed in this form will be supplied to the academy trust 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>	

Name and position	Should be sufficiently senior to sign this declaration
Date	
Signature	

### Section 4: Trust signoff

Certification of PolyMAT	
In signing this document I am satisfied that:	
<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 academy trust have been robustly managed; • 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); • 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>	

Finance Officer	
Date	
Signature	

#### Notes

**Direct costs** mean the costs of any materials and labour used directly in producing the goods or services. Indirect costs mean a proportionate and reasonable share of fixed and variable overhead

**At cost** means without a profit as it includes direct and indirect costs only

**Estimate** 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