



## Conflict of Interest Policy

Reviewed: April 2020

Next review due: April 2023

Date policy approved by  
Directors and minuted:

Member of staff responsible: CFOO

Policy history:

## **Our Lady of Lourdes Catholic Multi Academy**

### **1. Introduction**

1.1 This policy sets out the Framework for ensuring that the decisions and decision-making processes at the Our Lady of Lourdes Catholic MAC are, and are seen to be, free from personal bias and do not unfairly favour any individual or company connected to the Company.

1.2 Directors, Representatives and Senior Employees of the Our Lady of Lourdes Catholic MAC have an obligation to act, with integrity, in the best interests of the Our Lady of Lourdes Catholic MAC and in accordance with our Articles of Association in order to avoid situations where there may be a conflict of interest.

1.3 Situations may arise where family interests or loyalties conflict with those of the Our Lady of Lourdes Catholic MAC. They may create problems as they can inhibit free discussions, result in decisions or actions that are not in the interests of the Our Lady of Lourdes Catholic MAC and risk the impression that the Our Lady of Lourdes Catholic MAC has acted improperly.

1.4. The aim of this policy is to ensure that:

- a) Every Director, Representative, Senior Employee and Budget Holder understands what constitutes a conflict of interest and that they have a responsibility to identify and declare any conflicts that might arise.
- b) Every potential conflict of interest is identified, prevented and recorded, ensuring that the conflict does not affect the decision-making of Lumen Christi.

### **2. DEFINITION**

2.1 For the purpose of this document:

- a) The Lumen Christi Catholic Multi Academy is referred to as the Our Lady of Lourdes Catholic MAC.
- b) Pupils/Student refers to all children being educated or on site at any one of the schools within the Our Lady of Lourdes Catholic MAC.

### **3. LEGAL FRAMEWORK**

3.1. This policy takes its legal framework from the following legislation and statutory guidance:

- a) Companies Act 2006
- b) Conflicts of Interest: A Guide for Charity Director, Representative s
- c) The ESFA Academies Financial Handbook
- d) The Articles of Association of the Our Lady of Lourdes Catholic MAC.

#### 4. WHAT IS A CONFLICT OF INTEREST

4.1 The Our Lady of Lourdes Catholic MAC adopts the definition of the Charity Commission which states that a Conflict of Interest is any situation where a Director, Representative, Senior Employee and Budget Holder's personal interests or loyalties could, or could be seen, to prevent Lumen Christi Directors, Representatives, Senior Employees and Budget Holders from making a decision in the best interests of the Our Lady of Lourdes Catholic MAC.

4.2 Conflicts of interest usually arise in the following situations:

- a) Benefits to Directors, Representatives, Senior Employees, Budget Holders - There is a potential financial or measurable benefit directly to a Director, Representative or senior employee, or indirectly through a connected person. Examples of benefits are where Directors/Representatives, Senior Employees or Budget Holders decide to:
- sell, loan or lease company assets to a Director, Representative, Senior Employees or Budget Holders
  - acquire, borrow or lease assets from a Director, Representative for the Our Lady of Lourdes Catholic MAC
  - pay a Director, Representative for carrying out their Director, Representative role
  - pay a Director, Representative for carrying out a separate paid post within the Our Lady of Lourdes Catholic MAC, even if that Director, Representative has recently resigned as a Director, Representative
  - pay a Director, Representative, or a person or company closely connected to a Director, Representative or senior employee, for providing a service to the Our Lady of Lourdes Catholic MAC. This covers anything that would be regarded as a service and includes legal, accountancy or consultancy services through to painting or decorating the Our Lady of Lourdes Catholic MAC premises, or any other maintenance work
  - employ a Director's, Representative's, Senior Employee's or Budget Holder's spouse or another close relative at the Our Lady of Lourdes Catholic MAC
  - make a grant to a Director/Representative, or a person who is a close relative of a Director/Representative
  - allow a Director, Representative, Senior Employee or Budget Holder to influence service provision to their exclusive advantage
- b) Conflict of Loyalty: a Director, Representative's, Senior Employee's or Budget Holder's duty to the Our Lady of Lourdes Catholic MAC may compete with a duty or loyalty they owe to another organisation or person. A conflict of loyalty could also arise where the religious, political or personal views could interfere with the ability of a Director/Representative, Senior Employee or Budget Holder to decide the issue only in the best interests of the Our Lady of Lourdes Catholic MAC.

For example, a Director's, Representative's, Senior Employee's or Budget Holder's loyalty to the Our Lady of Lourdes Catholic MAC could conflict with his or her loyalty to:

- another organisation, such as their employer
- another charity or trust of which they are a Director, Representative
- a member of their family
- another connected person or organisation

The test is always that there is a conflict of interest if a Director, Representative Senior Employee or Budget Holder other interest could, or could be seen to, interfere with the Our Lady of Lourdes Catholic MAC their ability to decide the issue only in the best interests of the MAC.

## **5. IDENTIFYING THE CONFLICT OF INTEREST**

- 5.1 Directors, Representatives, Senior Employees and Budget Holders are expected to identify any conflicts of interest at an early stage.
- 5.2. A standard agenda item must be included at the beginning of each Board or Committee meeting to enable the declaration of any actual or potential conflicts of interest.
- a) If a Director or Representative is uncertain whether he or she is conflicted, he or she should declare the issue and discussing it with the other Directors, Representatives.
  - b) If a Director, Representative is aware of an undeclared conflict of interest affecting another Director/Representative, they should notify the other Director/Representative or the Chair.
- 5.3. If a conflict of interest is identified outside of a meeting, a Director, Representative Senior Employee or Budget Holder must complete a Conflict of Interest Form and submit it to the relevant Clerk of the Board of Directors, Representative or School Standards Committee.
- 5.4. On an annual basis, or when a Director, Representative, Senior Employee or Budget Holder joins the Our Lady of Lourdes Catholic MAC, a Conflict of Interest Form must be completed to enable the Register of Interest to be kept up to date.

## **6. DEALING WITH THE CONFLICT OF INTEREST**

- 6.1. Director and Representatives must consider the conflict of interest so that any potential effect on decision- making is eliminated.
- 6.2. Where available, legal or governing document requirements on how a conflict of interest must be handled is to be used, however, in serious cases, it can be decided that removing the conflict of interest itself is the most effective way of preventing it from affecting the decision-making.
- 6.3. Examples of Important legal or governing document requirements are:
- a) Academies Financial Handbook, Section 5.48 At Cost Requirements, which deals with goods or services provided by individuals or organisations connected to the MAC which must only be provided at cost.

- b) The Our Lady of Lourdes Catholic MAC Articles of Association, Articles 97-98A and Articles 6.2A – 6.7 which cover Conflict of Interest.

6.4. Serious conflicts of interest include, but are not limited to, those which:

- a) Are so acute and extensive that Directors/Representatives are unable to make their decisions in the best interest of the Our Lady of Lourdes Catholic MAC, or could be seen to be unable to do so.
- b) Are present in significant or high-risk decisions of Directors/Representatives.
- c) Mean that effective decision-making is regularly undermined or cannot be managed in accordance with the required or best practice approach.
- d) Are associated with inappropriate Directors/Representatives benefit.

6.5. Benefits to Directors/Representatives /Senior Employees/Budget Holders - Where there is a proposed financial transaction between a Director, Representative, Senior Employee, Budget Holders and the Our Lady of Lourdes Catholic MAC, or any transaction of arrangement:

- a) The benefit must be authorised in advance by the Audit Committee. If there is no Committee meeting planned within the time frame of authorisation being required, then the Chair of the Audit Committee and one other Audit Director can be contacted to authorise the benefit. If the person affected is the Chair of the Audit Committee then the Chair of the Board plus one other Audit Director, must authorise the benefit.
- b) The Our Lady of Lourdes Catholic MAC Board of Directors expects the affected Director, Representative to be absent from any part of any meeting where the issue is discussed or decided.
- c) The affected individual should not vote or be counted in deciding whether a meeting is quorate.

6.6. Conflicts of Loyalty - Where there is a conflict of loyalty and the affected Director, Representative does not stand to gain any benefit and there are no specific governing document or legal provisions about how the conflict of loyalty should be handled, the affected Director/Representative should declare the interest.

The remainder of Directors/Representatives must then decide what level of participation, if any, is acceptable on the part of the conflicted Director, Representative. The options might include, but are not limited to, deciding whether the conflicted Director/Representative:

- a) Having registered and fully declared the interest, can otherwise participate in the decision.
- b) Can stay in the meetings where the decision is discussed and made, but not participate.
- c) Should withdraw from the decision-making process in the way described above.
- d) If a conflict of interest is raised outside of a meeting and there is no meeting planned within the time frame of the conflict needing to be reviewed, the Chair of the Board plus one other Director or Chair of School Standards Committee, plus one Representative, can be

contacted to consider the conflict of interest and determine the resolution. If the person affected is the Chair of School Standards Committee then the Chair of the Board plus one other Director must consider the conflict of interest and determine the resolution.

Where the Chair of the Board is affected then a Member and one other Director must consider the conflict of interest and determine the resolution. The resolutions must be recorded on the Conflict of Interest Log.

6.7. In deciding which course of action to take regarding a Conflict of Interest, Directors/Representatives:

- a) Must always make their decisions only in the best interest of the Our Lady of Lourdes Catholic MAC
- b) Should always protect the Our Lady of Lourdes Catholic MAC reputation and be aware of the impression that their actions and decisions may have on those outside of the MAC.
- c) Should always be able to demonstrate that they have made decisions in the best interest of the Our Lady of Lourdes Catholic MAC and independently of any competing interest.
- d) Should require the withdrawal of the affected Director/Representative from any decisions where their other interest is relevant to a high risk or controversial Director/Representative decision or could, or be seen to, significantly affect the MAC decision-making at the company.
- e) Can allow Directors/Representatives to participate where the existence of the other interest poses a low risk to the decision-making in the interest of the MAC, or is likely to only have an insignificant bearing on their approach to an issue.
- f) Should be aware that the presence of a conflicted Director, Representative can affect trust, could inhibit free discussion, and might influence decision-making in some way.

## **7. RECORDING THE CONFLICT OF INTEREST**

7.1 The Our Lady of Lourdes Catholic MAC must keep a Register of Interests for the Board of Directors, School Standards Committees, and Senior Employees, which must be published on their websites. This Register of Interests must be kept up to date through regular review.

7.2 The Academies Financial Handbook 2019, Section 5.44-5.47 covers what must be captured in the Register of Interest and what must be published on the website and is extracted below:

- a) The company's register of interests must capture relevant business and pecuniary interests of Directors and Representatives of academies within a multi-academy company/Trust and senior employees, including:
  - Directorships, Partnerships and Employments with businesses

7.3 A Declaration of Interest Log must be kept by the Board of Directors and Schools Standards Committees, which details the potential conflicts, the discussions and the resolutions. The Logs will be monitored by the Audit Committee to ensure that actions forming part of the resolution are appropriate, are following legal requirements and have been implemented correctly.

## **8. CONFIDENTIALITY**

8.1 Directors, Representative, Senior Employees or Budget Holders cannot use information obtained from the Our Lady of Lourdes Catholic MAC for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

## **9. MONITORING AND ENFORCEMENT**

9.1. The Our Lady of Lourdes Catholic MAC Audit Committee will undertake continuous monitoring of its activities to ensure that any conflicts of interest are identified and mitigated as soon as possible.

9.2. Directors, Representatives, Senior Employees or Budget Holders who fail to declare an interest and are found to be in conflict with the best interests of the MAC will be expected to explain to the Audit Committee their reasons for their omission.

9.3 It will be treated as a serious disciplinary matter if a Senior Employee or Budget Holder is found to have knowingly and deliberately failed to declare an interest and brought the Our Lady of Lourdes Catholic MAC into disrepute

**The End**