



The Bishop Anthony Educational Trust

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Owner	Bishop Anthony Educational Trust

Related Parties and Transactions Policy

	Updates	Date:
1.1	DfE (2017) 'Academies Financial handbook' (AFH) Amended to DfE (current)	September 2018
1.0	Education and Skills Funding Agency (ESFA) (2017) 'Academies Accounts Direction' (2017) replaced with (current)	September 2018
2.0	Academies Financial Handbook (2017) (2017) removed	September 2018
Annex 1	Statutory Guidance: Academies Financial Handbook, September 2017 (Register of Interests 3.1.16;3.1.18); Replaced with Academies Financial Handbook current version, (3.10 Transactions with Related Parties 3.10.1; 3.10.11);	September 2018

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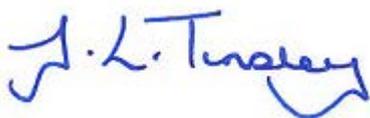
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Statement of intent

The Bishop Anthony Educational Trust (BAET) seeks to uphold the highest ethical standards with regard to finances, and wishes to manage any conflicts of interests, actual or perceived, that may arise as a result of related party transactions or relationships. There is a need to consider related/connected party transactions to reduce any potential risk of abuse of funds and reputational damage, both to the Trust and to the wider education sector.

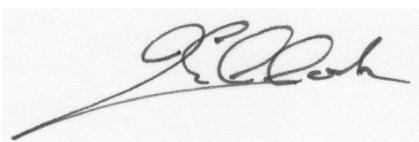
This policy outlines the procedures and duties that will be implemented to prevent any potential misconduct or misuse of funds, and the standards that will be upheld to ensure proper financial practice.

Signed by:



CEO

Date: 20th September 2017



Chair
Board

of

Date: 20th September 2017

1. Legal framework

- 1.1. This policy has due regard to statutory legislation and guidance including, but not limited to, the following:
 - DfE (current) 'Academies Financial handbook' (AFH).
 - Education and Skills Funding Agency (ESFA) (*current*) 'Academies Accounts Direction'.
 - Review of related party transactions in academies (ESFA) (Nov 2014)
- 1.2. This policy has due regard the following policies:
 - MAT Financial Procedures Policy
 - Directors and Governor Expenses Policy
 - Investment Policy (Academy Trusts)

2. Roles and responsibilities

- 2.1. All staff are responsible to some degree for ensuring adherence to this policy, but the primary overseers of its implementation will be the Chief Executive Officer (CEO), Chief Operating Officer (COO), and Chair of the Board.
- 2.2. Headteachers and Local Governing Bodies (LGBs) of each of the Trust's individual Academies will also be aware of, and be vigilant over, the practices and expectations set out in this policy

Responsibilities required by the Academies Financial Handbook:

- 2.3. The Board will ensure that the requirements for managing connected party transactions are applied across the Trust.
- 2.4. The Chair of the Board and the CEO (as Accounting Officer) will ensure that their capacity to control and influence does not conflict with these requirements.
- 2.5. The Board will manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

3. What is a related party transaction?

- 3.1. Related party transactions involve transactions – the purchase, sale, lease or donation of goods, services, property or money – for which one party has control or influence over the other, or where the parties are subject to common control.
- 3.2. Company law, Charity law and the Academies Financial Handbook permit these sorts of transactions as long as they are declared and subject to robust procurement procedures in order to properly manage conflicts of interest.
- 3.3. Related party transactions are common in the Academies sector as many academy Directors are drawn from local public and private sector organisations.

3.4. The Trust and its Academies recognise, as set out in the ESFA's 'Academies accounts direction document, that related parties constitute:

- Parties with control over, or controlled by, the entity.
- Parties having significant influence over the entity.
- Key management personnel of the entity, including any director.
- Close family members of any of the above.
- Others subject to control or significant influence by any individual referred to above.

4. Disclosure requirements

4.1. Regarding related party transactions, there are certain pieces of information that must be disclosed as standard accounting practice. Where the Trust and its Academies engage in related party transactions, the following will be disclosed:

- The names of the related parties and a description of the relationship between the parties.
- A description of the transactions and 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.
- Details of any guarantees given/received.
- Terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement.
- Any other elements of the transactions which are necessary for the understanding of the accounts.
- An evidence based statement confirming whether related party transactions were in accordance with the Trust's financial regulations and procurement procedures.
- A separate related party disclosure for the remuneration and expenses paid to a Headteacher, staff Directors and other Directors in line with the Charity Statement of Recommended Practice.

4.2. If no related party transactions are undertaken, this will be disclosed.

5. Managing conflicts of interests and ensuring transparency

5.1. **Declarations of an interest** – All Directors will declare the interest within their annual Declaration of Interest. In addition, all Governors will declare the interest at LGB meetings where the transactions are discussed.

5.2. **Removal from the decision making process** – The connected Directors and/or Governors will remove themselves from meetings when discussions and decisions are made in regards to the related party transactions.

- 5.3. **Competitive procurement procedures** – At least three written quotes will be obtained for the supply of the services – as per the BAET’s Financial procedures manual. All transactions are on a non-profit basis.
- 5.4. **Value for money assessment** – Submitted bids will be examined and selected based on the quoted cost and quality of service/staff.
- 5.5. The Board will take the following measures to transparency and good practice:
 - Publishing as many details as possible about connected parties and the nature of any transaction that has taken place with them
 - Providing details on how any conflicts of interests, actual or perceived, are managed and mitigated
 - Setting out clearly and publicly the procurement procedures that the Trust has in place
 - Identifying and sharing whether procurement practices with connected parties comply with the Trust’s own regulations and standards, articles of association, and funding agreement
 - Providing details of how decisions to conduct business with connected parties is taken
 - Providing evidence of how any related party transactions are good value for money
 - Detailing whether transactions are one-off agreements or ongoing contracts

6. Ensuring compliance

Where appropriate and applicable, the following actions and procedures will be followed to ensure the Trust and its Academies do not create conflicts of interests or financial irregularities, and adhere to ESFA guidelines:

- 6.1. The Trust will pay a CEO through the payroll system (via PAYE) in accordance of Her Majesty’s Treasury (HMT) guidance.
- 6.2. The Trust and its Academies will not expand services from an accountancy firm in which a Director is the sole Director and partner without tendering.
- 6.3. The Trust and its Academies will pay honorariums through the payroll system (via PAYE) and with prior ESFA approval if required.
- 6.4. The Trust and its Academies will not pay staff to work on activities that exclusively benefit the related party company.
- 6.5. The Trust and its Academies will ensure that family members or close friends of staff, Directors or Governors are employed in line with full recruitment procedures, avoiding nepotism.
- 6.6. The Trust and its Academies will follow sufficient procurement procedures highlighted in this policy when entering into related party transactions and/or demonstrate that potential conflicts of interest have been adequately managed.

‘At cost’ requirements

- 6.7. The Trust and its Academies will correctly observe the ‘at cost’ requirements set out in the DfE’s AFH.
- 6.8. The ‘at cost’ requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the Trust. For these purposes, where a contract takes the Trust’s cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.
- 6.9. In line with these requirements, the Trust and its Academies will pay no more than ‘cost’ for goods or services provided to it by:
- Any Member, Director or Governor of the Academy Trust.
 - Any individual or organisation connected to a Member, Director or Governor of the Academy Trust:
 - A relative of the Member, Director or Governor
 - An individual or organisation carrying on business in partnership with the Member, Director or Governor or a relative of the Member, Director or Governor.
 - A company in which a Member or the relative of a Member (taken separately or together), and/or a Director or the relative of a Director, (taken separately or together) and/or a Governor or the relative of a Governor (taken 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 a Member or the relative of a member (acting separately or together), and/or a Director or the relative of a Director (acting separately or together), and/or a Governor or the relative of a Governor (acting separately or together). For these purposes, an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual’s or organisation’s wishes.
 - Any individual or organisation that is given the right under the Trust’s Articles of Association to appoint a Member, Director or Governor of the Academy Trust; or any body related to such individual or organisation.
 - Any individual or organisation recognised by the Secretary of State as a sponsor of the Academy Trust; or any body related to such individual or organisation.

7. Fulfilling obligations

- 7.1. The Trust and its Academies will:
- Openly procure services.
 - Ensure decision makers declare conflicts of interest.
 - Ensure decision makers refrain from voting in matters where they have a conflict of interest.

- Have due regard to Charity and Company Law obligations.
- Maintain a register of decision makers' interests.
- Pay no more than cost for supplies received from any related party.
- Make arrangements for proper administration of financial affairs/management of conflict of interests.
- Ensure the COO reports irregular payments.

7.2. The Trust will ensure that any agreement with an individual or organisation referred to in section 6.10 to supply goods or services to the Trust is procured fairly and openly, and is:

- Supported by a Statement of Assurance from that individual or organisation to the Trust confirming that their charges do not exceed the cost of the goods or services.
- On the basis of an 'open book' agreement, whereby the supplier will demonstrate clearly, if requested by the Trust, that their charges do not exceed the cost of supply.

7.3. Any agreements will be fully costed in terms of the resources used in supplying goods or services. The 'full cost' includes:

- All direct costs (the costs of any materials and labour used directly in producing the goods or services)
- Indirect costs (comprising a proportionate and reasonable share of fixed and variable overheads)

7.4. Full cost will not include any degree of profit.

8. Monitoring and review

8.1. The CEO, COO and Board will jointly review this policy on an annual basis.

8.2. The scheduled review date for this policy is August 2018.

Related Parties and Transactions Policy

Annex 1

REGISTER OF INTERESTS AND WITHDRAWAL FROM MEETINGS

Local Governing Body members should be aware that their *'Interests of those related or a close connection to a member of staff within the school should be declared.'*

All Governors should submit any conflict of interest where a decision making process is to be made, that could affect or influence their voting.

A relative can be defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse, civil partner, sibling and in-law. Very close friends can also be included in this list.

Connections with other academies within the Trust should also declared on the Register of Interests form. For example, a governor of an academy within the Trust, and also an employee at another academy also in the Trust.

Governors may find the checklist of questions below a useful starting point:

1. Is there a possibility that I, or a relative, may benefit or lose out from the decision on this issue?
2. Could it be viewed by an outsider that there be any reasonable doubt about my impartiality, because of private information received or of personal or business contacts, which I may have?
3. If I am employed by the Trust (but not as Headteacher), is the pay or performance management of a Trust employee due to be discussed?
4. If I am governor related to an employee of the trust, is the pay, hours or performance management of that employee due to be discussed?

If the answer is 'Yes' to any of the questions above, the governor should declare an interest in the item to be discussed.

If the answer is 'Yes' to questions 1, 3 or 4, the governor should also withdraw from the meeting for that item.

If the answer is 'Yes' to question 2 you would be advised, but not required, to withdraw from the meeting for that item.

Register of Interest amendments will be updated at each meeting as per the agenda.

Associate Members: *'The governing body may exclude an associate member from any part of its meeting which the associate member is otherwise entitled to attend when the business under consideration concerns an individual member of staff or pupil.'*

To ensure consistency and transparency the Bishop Anthony Educational Trust ('the Trust') request that all such occurrences to be declared and kept in a separate document. This would be an internal document and as such would not be published, but be present at each meeting of the Local Governing Body and its sub-committees. The Trust's Central Team would also keep a copy.

The Trust has taken advice from the following statutory guidance.

- *Academies Financial Handbook, current version, (3.10 Transactions with Related Parties 3.10.1; 3.10.11);*
- *The Constitution of Governing bodies of Maintained Schools August 2017;*
- *The School Governance (Roles, Procedures and Allowances)(England) Regulations 2013 No 1624 Part 4 p16; Schedule 1;*
- *Nolan Committee Seven Principles of Public Life;*
- *BAET Local Governing Body Code of Conduct 2017.*
- *BAET Articles of Association*
- *EFSA Review of related party transactions in academies*