





Partnership Learning

Related Party Transactions – Policy and Procedures

MONITORING, EVALUATION AND REVIEW

The Board of Trustees and Local Governing Boards will assess the implementation and effectiveness of this policy. The policy will be promoted and implemented throughout the Trust and its schools.

This Policy will be reviewed by the Board of Trustees annually and must be signed by the Chair of the Board of Trustees and Chief Executive.

Policy Adopted/Approved by Board of Trustees:	20th November 2023
Next Review:	Annually
Signature of Chair of the Board of Trustees: 	Signature of Chief Executive: 

1.0 Preamble

Partnership Learning is committed to raising awareness amongst Members, Trustees, Governors and employees of their responsibility to follow all the required guidelines and procedures in respect of related party transactions. Unacceptable related party transactions or failure to properly record and report those which are allowed, can not only damage the Trust's reputation, but would also be in breach of the Academy Trust Handbook which sets out the framework within which Academies must operate. This document sets out the Trust's policy and procedures with regard to related party transactions.

Definition of Related Party Transactions: Goods or services provided by or to individuals or organisations related to the academy trust. Related parties include persons and entities with control or significant influence over the academy trust, and members of the same group (e.g. parent and subsidiary companies, key management personnel and close family members).

The Trust's policy and procedures in respect of Related Party Transactions adhere to the requirements set out in the current Academy Trust Handbook. In particular:

- Trustees must comply with their statutory duties as company directors to avoid conflicts of interest, not to accept benefits from third parties, and to declare interest in proposed transactions or arrangements
- All members, trustees, local governors of schools within the Trust and senior employees must have completed the register of interests
- No member, trustee, local governor, employee or related individual or organisation must use their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust
- There must be no payments by the trust to any trustee (including to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest) unless permitted by the articles, or by authority from the Charity Commission, and which comply with any relevant agreement with the Secretary of State
- The Charity Commission's approval must be obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee
- Any payments provided must satisfy the 'at cost' requirements in the Academy Trust Handbook

The Board of Trustees is responsible for ensuring that the policy and procedures for managing related party transactions are applied across the trust.

The Chair of the Board and the Accounting Officer will ensure their capacity to control and influence does not conflict with the requirements of this policy and these procedures. They will ensure that they manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the 'Seven principles of public life'.

The Trust recognises that some relationships with related parties may attract greater public scrutiny, such as:

- Transactions with individuals in a position of control and influence, including the Chair of the Board and the Accounting Officer
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors

- Relationships with external auditors beyond their duty to deliver a statutory audit

The Trust is committed to keeping sufficient records, and making sufficient disclosures in its annual accounts, to show that transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

2.0 Reporting and Pre-Authorising Transactions

The Trust will **report** all transactions with related parties to the ESFA in advance of the transaction taking place, using the ESFA's on-line form.

The Trust will obtain the ESFA's **approval** in advance for all transactions with related parties that are novel, contentious and/or repercussive. The Trust will carefully consider the impact of this requirement and its relevance to transactions involving the Chair of the Board and the Accounting Officer.

The Trust will obtain the ESFA's **approval** in advance, using ESFA's on-line form, for contracts for the supply of goods or services to the trust by a related party where any of the following limits arise:

- a contract exceeding £40,000
- a contract of any value that would take the total value of contracts with the related party beyond £40,000 in the same financial year ending 31 August
- a contract of any value if there have been contracts exceeding £40,000 individually or cumulatively with the related party in the same financial year ending 31 August.

This approval requirement does not apply in relation to contracts and other agreements for the supply of goods or services by the following educational establishments:

- colleges, universities and schools which are sponsors of the academy trust
- state funded schools and colleges, including academies.

Any transactions with a subsidiary of such a related party would need to be approved as normal.

Note: For the purposes of reporting to, and approval by, ESFA, transactions with related parties do not include salaries and other payments made by the Trust to a person under a contract of employment through the Trust's payroll.

3.0 Register of interests

The Trust's register of interests will capture relevant business and pecuniary interests of members, trustees, local governors of academies within the MAT and senior employees, including:

- directorships, partnerships and employments with businesses
- trusteeships and governorships at other educational institutions and charities
- for each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began

The register will identify any relevant material interests from close family relationships between the academy trust's members, trustees or local governors. It will also identify relevant material interests arising from close family relationships between those individuals and employees. 'Close family relationships' is defined in 4.2 below.

The Trust will publish on its websites relevant business and pecuniary interests of members, trustees, local governors and the accounting officer.

4.0 'At Cost' Requirements

4.1 Definition of 'Cost'

For these purposes the 'cost' will be the 'full cost' of all the resources used in supplying the goods or services, and must not include any profit. Full cost includes:

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

4.2 Persons/organisations to be paid no more than 'cost'

The Trust will pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include contracts of employment):

- Any member or trustee of the Trust
- Any individual or organisation related to a member or trustee of the Trust, for which purposes the following persons are deemed as related to a member, or trustee:
 - a relative of the member or trustee. A relative is 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 or civil partner
 - an individual or organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
 - a company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (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 trustee or the relative of a trustee (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 given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body connected 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 connected to such individual or organisation

4.3 Connected Bodies

A body is deemed as connected to another individual or organisation if it is controlled by the individual or organisation, or controls the organisation, or is under common control with the individual or organisation. For these purposes, control means:

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

4.4 Employees

The 'at cost' requirement does not apply to the Trust's employees unless they are also one of the parties described in 4.2 above. While these provisions do not apply to contracts of employment, the same principles of securing value for money and using public money properly, including managing conflicts of interest, still apply. Salaries should be appropriate to the individual's skills and experience and to rates in the wider market.

4.5 Premises

Should any staff/personnel of an individual or organisation in 4.2 above be based in, or work from the premises of, the Trust, that individual/ organisation and the Trust will agree an appropriate sum to be paid to the Trust for such use/occupation of the premises, save to the extent that they are carrying out work for the Trust.

4.6 Limits

The 'at cost' requirement applies to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. For these purposes, where a contract takes the Trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 will be at no more than cost.

4.7 Legal and Audit Services

In relation to organisations supplying legal advice or audit services to the Trust, the 'at cost' requirement applies where the organisation's partner directly managing the service is a member or trustee of the trust but not in other cases for those organisations.

4.8 State Funded Schools and Colleges

Transactions with a college, university or school which is a sponsor of the Trust or any other state funded school or college (including academies) will be regarded as meeting the 'at cost' requirement. This does not apply to transactions with a subsidiary of such a related party.

4.9 Procurement

The Trust will ensure that any agreement with an individual or organisation referred to in 4.2 above to supply goods or services to the Trust is properly procured through an open and fair process and is:

- supported by a statement of assurance from that individual or organisation to the Trust confirming their charges do not exceed the cost of the goods or services, and
- on the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

5.0 Procedures for Trust Schools and Trust Central Team

- 5.1 The central Trust Finance Team collates, keeps up to date and makes available to schools and the central Trust team, a composite list of individuals and organisations which, if supplying goods or services to the Trust or any of its schools, may be subject to this policy.
- 5.2 It is the responsibility of those responsible for procurement of goods and services to check suppliers against this list and implement the policy as appropriate.