

Conflicts of Interest and Related Party Transactions Policy

Audience:	School staff / Central Team / All REAch2 Employees Local Governing Bodies Trustees Members
Ratified:	Risk and Audit Committee
Other related policies:	Whistleblowing Policy Expenses Policy (staff and non-staff)
Policy owner:	Katherine Alexander (Chief Operating Officer)
Review frequency:	Annually

Document Control	
Prepared By	Grant Skinner
Authorised By	Katherine Alexander
Approved By	Risk and Audit Committee
Date of Implementation	September 2024

Version Control			
Version Number	Date Issued	Author	Update Information
Draft	17 Sept 2018	Grant Skinner	Policy Review and Expansion
1.0	27 Sept 2018	Katherine Alexander	Updated and Approved by Trustees
1.1	12 May 2020	Grant Skinner	Policy update for new governance model and academies financial handbook
1.2	1 September 2021	Grant Skinner	Policy update in line with Academy Trust Handbook 2021
1.3	October 2022	Grant Skinner	Policy update in line with Academy Trust Handbook 2022 and other amendments
1.4	January 2023	Siobhan Chester	Policy updates after Trustee review
1.5	September 2023	Grant Skinner	Policy update in line with Academy Trust Handbook 2023
1.6	September 2024	Grant Skinner	Policy update in line with Academy Trust Handbook 2024

Contents

Purpose and scope.....	4
2 Definition	4
3 Background	4
4 Scope.....	4
5 Legal Framework.....	5
6 Legal context.....	5
7 Identifying and recording declaration of interests	6
8 Publishing information relating to Declarations of Interest.....	8
9 Data protection legislation	8
10 Managing the conflict of interest	8
11 Parent Trustees and Members	10
12 Expenses	10
13 Trustee Benefits and Related Party Transactions.....	11
14 Buying services from Trustees or connected persons	14
15 Reporting and Consequences of Non-Compliance	14
16 Adoption and circulation	15
17 Review.....	15

Purpose and scope

- 1.1 This policy sets out the principles for managing potential and actual conflicts of interests or duty affecting the Trustees and Members of REAch2 Academy Trust (**REAch2**). Its purpose is to ensure every Member, Trustee/Director, Governor and Senior Employee understands what constitutes a conflict of interest, that they have a responsibility to identify and declare any conflicts that might arise and to enable Trustees and Members to ensure the open and proper management of any particular conflict.
- 1.2 The main duties relating to the management of conflicts of interest fall to the Trustees. However, there are also requirements on the Members as well and so these are also specified below.

2 Definition

- 2.1 For the purpose of this document:
 - 2.1.1 Members, Trustees/Directors and Governors are referred to as Trustees unless named specifically;
 - 2.1.2 REAch2 Academy Trust is referred to as REAch2
 - 2.1.3 Pupils refers to all pupils being educated or on site at any one of the schools within The Trust.

3 Background

- 3.1 Trustees have a legal obligation to act in the best interests of REAch2 and in accordance with its articles of association (**articles**), its policies and the laws that apply to it. (This will include any additional requirements of the funding agreement with the Secretary of State and the Academy Trust Handbook). They are expected to act impartially and objectively, and to take steps to avoid conflicts of interest or duty.
- 3.2 Conflicts inhibit free discussion, and may result in decisions that are not in the best interests of REAch2 and risk giving the impression that the Trustees have acted improperly.
- 3.3 Conflicts can come in all shapes and sizes. The Trustees should be alive to this, and each Trustee has a responsibility to identify where there may be a conflict in relation to themselves or a person connected to them.
- 3.4 This policy is not intended to inhibit the normal course of business. While recognising that identifying and managing conflicts is very important, the Trustees wish to deal with them in a way which recognises the materiality of the risk that a particular conflict may pose to the best interests of REAch2.

4 Scope

- 4.1 This policy applies to the following individuals who are employed by the Trust and/or act in an official capacity on its behalf:
 - 4.1.1 All **senior** employees in Academies; this would usually including the following school staff: Headteachers, deputy head teachers, Office Manager, Office co-ordinator and anyone else who is formally listed as a budget holder.

- 4.1.2 In the Central Trust team this would usually include Executive Directors, all budget holders and Head of Procurement.
- 4.1.3 Members and Trustees. This includes all members of the Trust's committees whether Trustees or independent members, including co-opted members and members of committees/groups from other organisations.
- 4.1.4 All local Governors of Academies.

5 Legal Framework

- 5.1 This Policy takes its legal framework from the following legislation and statutory guidance:
 - 5.1.1 Companies Act 2006
 - 5.1.2 Conflicts of Interest: A Guide for Charity Trustees
 - 5.1.3 Trustees Expenses and Payments Guidance
 - 5.1.4 The ESFA Academy Trust Handbook
 - 5.1.5 The Articles of Association of REAch2 Academy Trust

6 Legal context

- 6.1 There are some fundamental legal issues Trustees should ensure they understand. These are summarised below.
- 6.2 **Duty to avoid conflicts**
 - 6.2.1 REAch2 adopts the definition of the Charity Commission which states that a Conflict of Interest is any situation where a Trustee or Senior Employee's personal interests or loyalties could, or could be seen, to prevent them from making a decision in the best interests of the Trust.
 - 6.2.2 Every Trustee owes a duty to avoid any conflict of interest or loyalty. The duty is not simply to mitigate any conflicts that arise, but to avoid them altogether. In this context the duty does not simply relate to actual conflicts of interest or loyalty, but rather a Trustee must avoid a situation where they have, or can have, a direct or indirect interest or loyalty that conflicts, or possibly may conflict, with REAch2's interests.
 - 6.2.3 No member, trustee, local governor, employee or related individual or organisation will 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
 - 6.2.4 There will be no payments to trustees by the Trust unless permitted by the articles, or by authority from the Charity Commission, and that comply with any relevant agreement with the Secretary of State. The Trust will consider these obligations where payments are made to other business entities who employ the trustee, are owned by the trustee, or in which the trustee holds a controlling interest
 - 6.2.5 The Charity Commission's approval will be obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee

6.3 Types of conflict

6.3.1 A conflict of interest may be:

- Actual – there is a material conflict between one or more interests.
- Potential – there is a possibility of a material conflict between one or more interests in the future.

6.3.2 A conflict will typically arise where a Trustee or staff member has:

- A conflict of loyalty; and/ or
- A personal interest (i.e. monetary interest) in a proposed transaction. This is often referred to as a 'Trustee Benefit' or a 'Related Party Transaction'.

6.4 These are considered in further detail below.

6.5 Conflicts of loyalty

6.5.1 A Trustee who owes a duty to another organisation or person (which may be because they are a governor, trustee, director, shareholder, member, officer or employee of that other body) might find that that duty conflicts with their duty to REAch2. Even though the Trustee might not have any personal (i.e. monetary) interest in the transaction, and cannot benefit from it personally, they will have a conflict of loyalty.

6.6 Trustee benefits and related party transactions

6.6.1 In some cases, a conflict of interest or loyalty might also involve a payment being made to the Trustee or a person (or business) connected to a Trustee. This is referred to as a 'Trustee Benefit'. A transaction which is entered into which confers a Trustee Benefit is referred to as a 'Related Party Transaction'.

6.6.2 In order for a Trustee to receive a Trustee Benefit, there must be express legal authority. Such authority might be given under the articles of association (typically subject to a specific procedure being complied with) or on a case by case basis by the Charity Commission.

6.6.3 If a Trustee Benefit is received by a Trustee without authority, this will amount to a breach of trust and the relevant Trust could be liable for repaying all or part of the Benefit to REAch2. This is irrespective of whether REAch2 might have received value (e.g. services provided) in return for the benefit.

6.6.4 We consider Trustee Benefits and Related Party Transactions in more detail at paragraph 13 below.

7 Identifying and recording declaration of interests

7.1 This Policy sets out the requirements which all individuals outlined in section 4.1 must comply with in respect to making appropriate Declaration of Interests where those interests could potentially conflict with the interests of the Trust or its Academies. All individuals have a duty to, and must make, a Declaration of Interest in accordance with this Policy.

- 7.2 A Declaration of Interest must be completed and confirmed via GovernorHub or the declaration form and must be kept up to date at all times (see appendix 3 for advice on how to use GovernorHub to record and manage declarations of interest):
- By all individuals in section 4.1 within twenty-eight (28) days of appointment and taken into consideration prior to appointment
 - Annually, and no later than the October half term, by all individuals outlined in section 4.1. An online confirmation or completed declaration form of a nil return is required if no conflict exists
 - When an individual becomes aware of a new interest during the course of the year the interest must be notified in a new declaration within twenty-eight (28) days of the interest being known and updated on GovernorHub or using the declaration form.
- 7.3 In the event of an individual not having access to GovernorHub to make and manage their declarations (for example where they are members of staff in a school who are not governors, or members of the central team), they will be asked to complete and submit a completed declaration form as appended to this policy (appendix 4). The requirement to complete and submit an annual declaration form will be applied using the same principles as set out in 7.2 i.e all relevant individuals complete within 28 days of appointment and annually thereafter by October half term. A nil return will be required where no conflict exists and in the event of declarations changing during the course of the year a new declaration form will be completed within 28 days of the interest being known and submitted to the Trust HR Team or academy as appropriate.
- 7.4 Examples of interests include, but are not limited to:
- 7.4.1 Directorships, partnerships, shareholdings and employments with businesses,
 - 7.4.2 Trusteeships and governorships at other educational institutions and charities; and
 - 7.4.3 Any material interests arising from close family relationships between the Members ,Trustees or employees, and relationships between Members or Trustees and employees.
- 7.5 A close family relationship is defined as a relative of the member, trustee or employee. 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
- 7.6 For any interest declared the name and nature of the business, the nature of the interest and the date the interest began must be declared
- 7.7 In addition to completing and updating the declaration of interests, every Trustee must declare to the other Trustees and the Trust Governance Professional the nature and extent of any direct or indirect interest they may have in any existing transaction or arrangement with REAch2 or any transaction or arrangement proposed with REAch2 of which the Trustee is aware.
- 7.8 A Trustee's declaration must be made to the other Trustees and the Trust Governance Professional of Clerk:

- 7.8.1 At a Trustees' meeting at which the transaction or arrangement is to be discussed; or
- 7.8.2 By written notice sent by post or email to the other Trustees and the Governance Professional/Clerk to the Trustees using the form of notice attached at Appendix 2.
- 7.9 The Trustee must give notice to the other Trustees and the Governance Professional/Clerk to the Trustees before any proposed transaction or arrangement is entered into or, in any other case, as soon as reasonably practicable. The declaration of any interest will be an agenda item for every Trust Board and committee meeting.
- 7.10 If Trustees are unsure of what to declare, or whether/when their declaration needs to be updated, they should contact the Company Secretary or Trust Governance Team for guidance.
- 7.11 Trustees (and at local level the LGB) must, on a regular basis, ensure that all relevant declarations for the groups listed in section 4.1 have been submitted and are being updated where appropriate.

8 Publishing information relating to Declarations of Interest

- 8.1 The Company Secretary will use the information provided by Members, Trustees and the Accounting Officer to maintain a register of interests. The register will be accessible to all Trustees, and the public, via publication on the Trust website.
- 8.2 The clerk to the local governing body will use the information provide by local governors and Academy Senior Leadership Teams to maintain a register of interests. The register of local interests will be published on each academy website. REAch2 exercises its right not to publish the interests of those who are not Members, Trustees, Local Governors or the accounting officer.
- 8.3 The central HR team will use the information provided by senior employees of the trust central team to maintain a register of interests. REAch2 exercises its right not to publish the interests of those on the who are not Members, Trustees, Cluster Non-Executives, Local Governors or accounting officer.2023
- 8.4 REAch2 shall take advice from its auditors in respect of the disclosure of interests and in particular, Related Party Transactions in the preparation of its annual report and accounts to ensure full compliance with the Statement of Recommended Practice (the Charities SORP, FRS 102, effective 1 January 2015).

9 Data protection legislation

- 9.1 The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998, the General Data Protection Regulations EU 2016/679 (GDPR) and any national laws or regulations constituting a replacement or successor data protection regime to the governed by the DPA 2018 or the GDPR. Data will be processed only to ensure that Trustees and Members act in the best interests of REAch2. The information provided will not be used for any purpose other than those set out in this policy, or the declarations or notices themselves.

10 Managing the conflict of interest

- 10.1 Where a Trustee has an interest or a loyalty exists which conflicts or may conflict with their duties as a Trustee of REAch2, the Trustee must:

- 10.1.1 Disclose that fact as soon as they become aware of it;
- 10.1.2 Absent themselves from any discussions of the Trustees in which it is possible that a conflict will arise between their duty to act solely in the interests of REAch2 and any other duty or personal interest they might have; and
- 10.1.3 Consider the conflict of interest so that any potential effect on decision-making is eliminated.
- 10.2 Where a Member has an interest or loyalty exists which conflicts or may conflict with their duties as a Member of REAch2, the Member must:
 - 10.2.1 Disclose that fact as soon as they become aware of it;
 - 10.2.2 If requested by the other Members, absent themselves from any discussions of the Members in which it is possible that a conflict will arise between their duty to act solely in the interests of REAch2 and any other duty or personal interest they might have; and
 - 10.2.3 Consider the conflict of interest so that any potential effect on decision making is eliminated.
- 10.3 **Conflicts of Loyalty** - Where there is a conflict of loyalty and the affected Trustee 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 Trustee should declare the interest. The remainder of the Trustees must then decide what level of participation, if any, is acceptable on the part of the conflicted Trustee. The options might include, but are not limited to, deciding whether the conflicted Trustee:
 - 10.3.1 Having registered and fully declared the interest, can otherwise participate in the decision.
 - 10.3.2 Can stay in the meetings where the decision is discussed and made, but not participate.
 - 10.3.3 Should withdraw from the decision-making process in the way described above.
- 10.4 **Benefits to Trustees/Senior Employees** - Where there is a proposed financial transaction between a Trustee/Senior Employee and the Trust, or any transaction of arrangement the process, as detailed in appendix 1, should be followed.
- 10.5 In deciding which course of action to take regarding a conflict of interest, Trustees:
 - 10.5.1 Must always make their decisions only in the best interest of the Trust
 - 10.5.2 Should always protect the Trust's reputation and be aware of the impression that their actions and decisions may have on those outside the Trust.
 - 10.5.3 Should always be able to demonstrate that they have made decisions in the best interest of the Trust and independently of any competing interest.
 - 10.5.4 Should require the withdrawal of the affected Trustee from any decisions where the Trustee's other interest is relevant to a high risk or controversial Trustee decision or could, or be seen to, significantly affect the Trustee's decision-making at the Trust.

10.5.5 Can allow the Trustee to participate where the existence of the other interest poses a low risk to the decision-making in the Trust's interest, or is likely to only have an insignificant bearing on their approach to an issue.

10.5.6 Should be aware that the presence of a conflicted Trustee can affect trust, could inhibit free discussion, and might influence decision-making in some way.

11 Parent Trustees and Members

11.1 Trustees and Members who are also parents of pupils at REAch2 will have a personal interest in the provision of education to their child. The articles allow parent Trustees and Members, as beneficiaries, to receive educational services on the same terms as those provided to all pupils by REAch2.

11.2 In order to manage the potential conflict that may arise for parent Trustees as a result of their interest in their child's education by REAch2:

- A parent Trustee should not vote or count in the quorum on, or discuss, any matter which relates specifically to their child. This will include any decision in respect of disciplinary action which might be taken against him or her; and
- A parent Trustee is authorised to vote and count in the quorum and discuss any matter which relates to pupils of REAch2 or the school where their child is a pupil generally.

11.3 There is little expectation that such matters would be discussed at Members' meetings but should this be required, the above will also apply in respect of Parent Members.

11.4 All Trustees and Members should give a notice declaring their interest in their child's education by REAch2. The interest will be identified in the register of interests.

12 Expenses

12.1 The Charity Commission describes expenses as *"refunds by a charity of legitimate payments which a trustee has had to meet personally in order to carry out his or her trustee duties"*. Expenses includes:

12.1.1 The reasonable cost of travelling to and from trustee meetings, and on trustee business and events;

12.1.2 The reasonable cost of childcare, or care of other dependents (for example, an elderly parent) whilst attending trustee meetings;

12.1.3 The cost of postage and telephone calls on charity business; and

12.1.4 Cost of reasonable overnight accommodation and subsistence (including any essential care costs) while attending trustee meetings or other essential events such as voluntary sector conferences or specialist training courses.

12.2 The following should not be classified as 'expenses':

12.2.1 Compensation for loss of earnings whilst carrying out trustee business; or

12.2.2 Honoraria payments (small or token sums not intended to reflect the true value of the service provided); or

12.2.3 Expenses in connection with foreign travel.

- 12.3 The Chair of the Trust Board, (or in their absence, the Vice-Chair) has the authority to approve expense claims from Trustees.
- 12.4 Expense claims should normally be supported by bills or receipts, except where it is impractical to expect this, for example, where very small amounts are claimed.
- 12.5 For further information related to expenses please view the expenses policy and procedure (staff or non-staff as appropriate)

13 Trustee Benefits and Related Party Transactions

13.1 What is a 'Benefit' or 'Related Party'?

- 13.1.1 A "Benefit" includes any property, goods or services which may have a monetary value, as well as money. This will include payments to a Trustee for providing goods or services to REAch2 on normal commercial terms. A Trustee who may derive any personal benefit of this kind from a transaction with REAch2 will have a conflict between their duty to REAch2 and their own personal interest in the benefit. It is the potential benefit (rather than any actual benefit) which gives rise to this conflict of interest.
- 13.1.2 Related party includes 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). This is not exhaustive and a full definition can be found in section 33 of the Financial Reporting Standard 102.
- 13.1.3 Payments which are made from subsidiary companies to Trustees (or persons connected to Trustees as set out below) will also be caught by the restriction.
- 13.1.4 Payments in respect of expenses are not classified as 'Benefits' and are considered in further detail in paragraph 13.3 below.

13.2 Connected persons

- 13.2.1 The restriction on the receipt of Trustee Benefits also extends to persons or bodies which are connected to the Trustee. A Trustee can be put in a position of conflict where REAch2 enters into a transaction or arrangement with a member of their family or a business in which they are a shareholder or partner or anyone else who is "connected" to them. Any benefit to the connected person is a benefit to the Trustee. The Trust will pay no more than 'cost' for goods or services provided to it by the following persons:
 - (a) Members or trustees of the academy trust
 - (b) Individuals or organisations related to a member of trustee of the academy trust. For these purposes the following persons are related to a member, or trustee:
 - (i) A relative of the member of trustee. A relative is defined as a close member of the family, or a 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, stepchild, parent, grandchild, grandparent, brother, sister or spouse or civil partner of the Trustee or any person living with the Trustee as their partner;

- (ii) An individual organisation carrying on business in partnership with the member, trustee or a relative of the member or trustee
 - (iii) A company in which a member or the relative of a member (taken separately or together), and/or a trustee or 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 in any general meeting of that company
 - (iv) An organisation controlled by a member or the relative of a member (acting separately or together), and/or a trustee or 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 can secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes
- (c) 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
 - (d) 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.

13.3 General Trustee Benefits

13.3.1 Trustees are expressly authorised to receive the following "general" Benefits (i.e. Benefits that are available to all Trustees):

- Indemnity insurance paid for by REAch2;
- Indemnity payments from REAch2 under its articles;
- Reasonable expenses properly incurred by the Trustee in acting as a Trustee and paid or reimbursed by REAch2 (which are not considered to be 'Benefits' at all) but excluding expenses in connection with foreign travel; and
- Payments to any company which has shares listed on a recognised stock exchange and in which a Trustee owns no more than 1% of the issued shares.

13.4 Specific Trustee benefits

13.4.1 In addition, Trustees may also receive the following 'specific' Benefits (i.e. Benefits made available to individual Trustees) in accordance with an authority under REAch2's articles:

- Payments made to any Trustee in their capacity as a beneficiary of REAch2;
- Payments received under a contract of employment;
- Reasonable and proper remuneration for goods or services supplied to REAch2, other than for acting as a Trustee;
- Interest on money lent to REAch2 by a Trustee at a reasonable and proper rate not exceeding 2% per annum below the base rate of a clearing bank to be selected by the Trustees, or 0.5%, whichever is the higher; and

- Rent on property leased to REAch2 by a Trustee if the amount of the rent and the other terms of the lease are reasonable and proper rate.

13.4.2 These Benefits however will only be authorised if the procedure set out in article 6.8 is complied with. Where a conflict is authorised, the Trustee will not be in breach of their duty to avoid it, but the conflict must be managed.

13.4.3 Please note that a Trustee cannot receive payment for acting as a Trustee unless this is specifically authorised by the Charity Commission.

13.5 The management and reporting of Trustee Benefits and Related Party Transactions

13.5.1 The board of trustees will ensure requirements for managing related party transactions are applied across the trust.

13.5.2 The board chair and the accounting officer will ensure their capacity to control and influence does not conflict with the requirements of the Academy Trust Handbook. They will manage personal relationships with related parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with The 7 principles of public life.

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

13.5.4 The Trust will seek prior approval from the ESFA, as required by the Academy Trust Handbook, for any contracts for the supply of goods or services to the trust by a related party agreed where any of the following limits arise:

- (a) A contract or other agreement exceeding £40,000
- (b) A contract or other agreement of any value that would mean the cumulative value of contracts and other agreements with the related party exceeds, or continues to exceed, £40,000 in the same financial year ending 31 August

13.5.5 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.

13.5.6 Where related party transactions have occurred, the Academies Accounts Direction stipulates that disclosure must be made and should include:

- (a) The names of the related parties
- (b) A description of the relationship between the parties
- (c) A description of the transactions
- (d) The amounts involved
- (e) The amounts due to or from related parties at the balance sheet date, and any provisions for doubtful debts or amounts written off

13.5.7 A flowchart is included in Appendix 1 to assist in the identification and management of Trustee Benefits.

- 13.5.8 The minutes of the Trustees' meeting will record the nature and extent of any conflict and summarise the discussion and the actions taken to manage the conflict.

13.6 Approval of novel, contentious and/or repercussive related party transactions

- 13.6.1 Novel, contentious and/or repercussive related party transactions are subject to separate arrangements. The Trust will obtain ESFA's prior approval for any contracts and other agreements with related parties that are novel, contentious and/or repercussive, regardless of value. Approval will be sought using ESFA's enquiry form, not through the related party on-line form. The Trust will carefully consider the impact of this requirement and its relevance to transactions involving the board chair and/or the accounting officer.
- 13.6.2 Novel transactions are those of which the academy trust has no experience or are outside its range of normal business.
- 13.6.3 Contentious transactions are those that might cause criticism of the trust by Parliament, the public or the media.
- 13.6.4 Repercussive transactions are those likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

14 Buying services from Trustees or connected persons

- 14.1 When buying services from Trustees (or persons or bodies connected to Trustees), in addition to complying with the necessary procedures relating to Related Party Transactions as set out in Appendix 1 where relevant, REAch2 will need to ensure that:
- 14.1.1 The contract had been properly procured in accordance with the REAch2 procurement policy 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; and
- 14.1.2 The terms of the Academy Trust Handbook relating to the 'at cost' principle have been complied with – i.e. that the contract is not 'for profit'. 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 must be at no more than cost.
- 14.1.3 Any connected party supplying goods or services to the Trust must complete the statement of assurance as set out in Appendix 2 to confirm that the goods and services are being supplied 'at cost' only.

15 Reporting and Consequences of Non-Compliance

- 15.1 Individuals who do not follow this policy may be in breach of their duties and may be subject to internal action within the trust, including being removed from their post. In certain circumstances individuals may also subject to external sanction, including being barred from undertaking the role of a company director and in exceptional cases being subject to criminal prosecution.

- 15.2 The Education and Skills Funding Agency may also issue a Notice to Improve (Nti) to the Trust when there is deemed to be irregular use of public funds or inadequate financial governance and management (including breaches of the duties, principles and requirements governing connected party relationships and transactions). Failure to comply with an Nti can, in exceptional circumstances, also result in the termination of our funding agreement(s).
- 15.3 If any individual believes anyone within the Trust is undertaking activity that leads to personal gain they should report their concerns to appropriate management, being either the Company Secretary, Head of Internal Audit or via the Trust's Whistleblowing procedure.

16 Adoption and circulation

- 16.1 This policy was approved and adopted by a resolution of the Risk and Audit Committee of the Trust Board passed at a meeting held on **DATE TO BE CONFIRMED** and takes effect immediately.
- 16.2 This policy shall be circulated to schools, the Senior employees, the Trust Board, the Members, LGBs and others at the discretion of the Chair of the Trust Board.

17 Review

- 17.1 The Trust Board will review this policy annually at the first meeting of the calendar year or as required when statutory guidance is issued

Date of next review: September 2025

Appendix 1: The management of Related Party Transactions

When considering this issue, the Trustees will need to consider the following questions:

Question 1: Is there a Benefit?

A Benefit is a financial or other measurable benefit paid to a Trustee, or to a 'connected person' (please see below). Benefits might also be made paid 'in kind' - for example, free use of REAch2's facilities or services for which users normally have to pay.



If yes, please proceed to Question 2

TIP! Trustees' expenses

A refund of properly incurred expenses is not a "Benefit". Article 6.5 permits a Trustee to be reimbursed for expenses properly incurred in relation to their role. However, expenses in relation to foreign travel cannot be recovered.

Question 2: Is the Benefit being paid to a Trustee or to a connected person?

- a) Is the person receiving a Benefit a Trustee?
- b) Is the person receiving a Benefit a child, stepchild, parent, grandchild, grandparent, brother, sister, spouse or cohabiting partner of the Trustee?
- c) Is the Benefit to be received by a company or firm of which a Trustee or any of the persons listed in b) is:

- A partner,
- An employee,
- A consultant,
- A director,
- A member, or
- A shareholder of the company?



If yes to a) b), or c) , please proceed to Question 3

Question 3: Does the Benefit fall into the following list?

Please check whether the Benefit falls into list A, B or C below. If the Benefit is not listed, then it is not permitted unless specific Charity Commission consent is secured.

List A

- 1 **Indemnity insurance.** Article 6.3 allows REAch2 to protect Trustees from liability for negligence or breach of their duties with indemnity insurance. However, the insurance cannot cover a deliberate breach of duty by a Trustee or a situation in which the Trustee knew that they might be breaching their duties. There are also some other specific restrictions on the scope which the insurance can cover.
- 2 **Trustees' investments in shares.** REAch2 is permitted to receive payment or other benefit from public limited companies in which a Trustee holds no more than 1% of the shares (article 6.4). In most cases, this means that REAch2 can contract freely with other companies, without Trustees with small investments in shares in such companies breaching their duties to REAch2.

If List A applies, no further steps are required to authorise the benefit.

List B

- 3 **A beneficiary of REAch2.** This might be the case if, for example, a parent Trustee were to attend the academy for evening classes.
- 4 **Being employed by REAch2 or entering into a contract for the supply of goods or services to REAch2, other than for acting as a Trustee.** Please note that a benefit paid to an individual who is already an existing employee of REAch2 who is subsequently elected or appointed as a Trustee will instead fall under List B.
- 5 **Receiving interest on money lent** to REAch2 at a reasonable and proper rate not exceeding 2% per annum below the base rate of a clearing bank to be selected by the Trustees, or 0.5%, whichever is the greater.
- 6 **Receiving rent for premises** let by the Trustee to REAch2 if the amount of the rent and the other terms of the lease are reasonable and proper.

If List B applies, please comply with Process B to authorise the benefit.

List C

- 7 The benefit is to be paid to an individual who is already an existing employee of REAch2 who is subsequently elected or appointed as a Trustee - most commonly a staff Trustee.

If List C applies, please comply with Process C to authorise the benefit.

Process B

- 1 The remuneration or other sums paid to the Trustee must not exceed an amount that is reasonable in all the circumstances.
- 2 The Trustee must absent themselves from the part of any meeting at which there is discussion of:
 - their employment, remuneration, or any matter concerning the contract, payment or benefit; or
 - their performance in the employment, or their performance of the contract; or
 - Any proposal to enter into any other contract or arrangement with them or to confer any benefit upon them; or
 - Any other matter relating to a payment or the conferring of any benefit.
- 3 The Trustee must not vote on any such matter and is not to be counted when calculating whether a quorum of Trustees is present at the meeting.
- 4 (If relevant) The other Trustees are satisfied that it is in the interests of REAch2 to employ or to contract with that Trustee rather than with someone who is not a Trustee. In reaching that decision the Trustees must balance the advantage of employing a Trustee against the disadvantages of doing so (especially the loss of the Trustee's services as a result of dealing with the Trustee's conflict of interest).
- 5 The reason for their decision is recorded by the Trustees in the minute book.
- 6 A majority of the Trustees then in office have received no such payments or benefit.

Process C

- 1 The Trustee must absent themselves from the part of any meeting at which there is discussion of:
 - their employment, remuneration, or any matter concerning the contract, payment or benefit; or
 - their performance in the employment, or their performance of the contract;
- 2 The Trustee must not vote on any such matter and is not to be counted when calculating whether a quorum of Trustees is present at the meeting.

Appendix 2: Pro-forma statement of assurance

This form is for completion by an individual or organisation (the 'supplier'), defined in the [Academy Trust 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/cluster/school	<i>£ At cost without profit</i>		
Does this value include direct costs and indirect costs only?	Yes / No		
Nature of contract	<i>Such as 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	Indirect costs	Total
Year 1	£	£	£
Year 2	£	£	£
Year 3	£	£	£
Total	£	£	£

Section 3: Supplier certification

Certification of supplier	
<p>I certify, on behalf of [<i>name of supplier</i>] that:</p> <ul style="list-style-type: none"> • 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; • We are supplying the goods and services on an open book basis and we will provide more information on request; and • 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. 	
Name and position	<i>Should be sufficiently senior to sign this declaration</i>
Date	
Signature	

Section 4: Academy signoff

Certification of academy trust	
<p>In signing this document I am satisfied that:</p> <ul style="list-style-type: none"> • 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; • There is full compliance with the trust's scheme of delegation; • Open and fair procurement and compliance with the trust's procurement procedures have taken place; • Potential conflicts of interest within the academy trust have been robustly managed; • The trust's/cluster's/school'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 • 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. 	
Director of Finance	
Date	
Signature	
Notes	

Direct costs means the costs of any materials and labour used directly in producing the goods or services.

Indirect costs means a proportionate and reasonable share of fixed and variable overheads.

At cost means without 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.

Appendix 3: Using GovernorHub to declare an interest

REAch2 has chosen GovernorHub as its chosen platform for the recording and sharing of governance information across all tiers of governance.

Within this online system is the facility for individuals to record and confirm their declarations of interest.

To do this each individual must log in to GovernorHub and click on their name at the top of the page to open their profile. On the page this opens is a tab called 'Declarations'.

Here users can add a new declaration by clicking 'add new declaration' or edit existing declarations or delete declarations that are no longer in existence by clicking the ellipsis next to the relevant line on their profile.

Where there are no declarations of interest that need to be added, individuals must still click 'confirm' to make a "nil" declaration and to provide a date stamp and the name of the confirmed person.

Having reviewed their declarations, individuals can confirm they are correct by clicking the 'confirm' button below the list of declarations. This will provide a date stamp and the name of the confirmed. It is a requirement that it is the named individual who confirms their own declaration as this acts as a signature and proof of confirmation.

The clerk or other registered admin can download a report of the full board's declarations that can in turn be uploaded to the relevant website.

Appendix 4: Physical declaration form for those without access to GovernorHub

Annual declaration of pecuniary and personal interests

(Please complete all sections: if none, write "none")

Name:	
Location (school name of central team)	
Position:	

I declare that I hold the following personal and/or pecuniary interest(s):

Pecuniary interests	Please provide details of the interest(s)
Name of current employer (indicate if self-employed)	
Position held (or nature of self-employment)	
Businesses (of which I am a partner or sole proprietor or have shareholdings above 1%)	Business name: Nature of business: Nature of interest: Date interest began:
Company directorships – details of all companies of which I am a director	Company name: Nature of business: Nature of interest: Date interest began:
Company Partnerships and employments with businesses	Company name: Nature of business: Nature of interest: Date interest began:
Charity trusteeships/governorship – details of all companies /educational establishments of which I am a trustee	Name of charity: Nature of business: Position within charity: Date interest began:
Membership of professional bodies, membership organisations, public bodies or special interest groups of which I am a member and have a position of general control or management	
Gifts or hospitality offered to you by external bodies while acting in your position as a governor/trustee and whether this was declined or accepted in the last 12 months	

Contracts offered by you for the supply of goods and/or services to the trust/school	
Any other conflict	

Personal interests	Individual	Relationship	Organisation	Nature of the interest
Immediate family/close connections to governors/trustees/school or trust staff				
Are you a relative (1) to any individual or organisation that is connected to a member, trustee, governor or staff member of the academy/Trust				
Company directorships or trusteeships of family/close connections to individual completing form				

If you are a governor or trustee of any other schools and/or academies, please provide details below:

Name of school/academy:	
Position held:	
Date appointed/elected to post:	
Date of termination to post:	

(1) 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

To the best of my knowledge the information supplied above is correct and complete. I understand that it is my responsibility to declare any conflict of interest/loyalty, business or personal that relates directly or indirectly, to myself or any relation in any contract, proposed contract or other matter when present at a meeting at the school where such contract or matter comes under consideration. I understand that I must withdraw from any meeting during the discussion of such contract or matter and must not vote in respect of it.

I agree to review and update this declaration annually or to submit a new form should my interests change sooner than that. I give consent for the information provided to be used in accordance with the trust conflicts of interest policy. I acknowledge that the information provided in this declaration will be made publicly available on the Trust/school website.

Name:	
Signed:	
Date:	

Please send your completed form to your Headteacher if you are a member of school staff or the Trust HR team if you are a central team member.