



The Academies for Character and Excellence

Conflicts of Interest & Related Party Transaction Policy

Finance

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1. Aims

- 1.1 This policy seeks to ensure both staff and the public are aware that the Trust fosters an environment where there are policies and processes in place to avoid conflict of interest and, where any issues should arise, there are procedures to ensure they are dealt with fairly and transparently.
- 1.2 In order to provide transparent and open governance, it is important to seek, avoid and manage not only conflicts of interest but also the perception of them. The overall approach taken is to avoid conflicts of interest wherever possible and, where it is not possible, to manage and declare them to ensure the Trust is even-handed in its relationships with related parties where they exist.

2. Who is the Policy For?

- 2.1 This policy applies to anyone within the Trust who is:
 - a. A person has influence over, or decision-making authority about, career progression, compensation, benefits or other such matters concerning another person with whom they have a close relationship; or;
 - b. A member of staff has influence or decision rights over purchasing or other transactions where a close relationship is involved, i.e., related party transactions.

3. Definition of a Related Party

- 3.1 Related parties arise where:
 - a. One party has control or influence over the other, or
 - b. The parties are subject to common control.
- 3.2 The Trust is permitted to make transactions with related parties, as long as:
 - a. Open and transparent procurement procedures are followed, and the Trust's Procurement Policy followed.
 - b. Potential conflicts of interest are managed.
 - c. ESFA rules, including mandated reporting and advance approval are followed.
- 3.3 Related parties include:
 - a. Parties with control over, or controlled by, the Trust, e.g., parent and subsidiary companies.
 - b. Parties having significant influence over the Trust.
 - c. Key management personnel of the Trust, including the executive (Headteachers, Trustees and Company Secretary).
 - d. Close family members of any of the above.
 - e. Others subject to control or significant influence by any individual referred to above. Nb. That parties are not deemed to be related simply because they have a Trustee or key manager in common.

4. Declarations of Interest

- 4.1 All those who are deemed a related party must sign and submit to their School or Trust Head Office at the start of each academic year.
 - a. A Trust Declaration of Interests Form in the case of members, Trustees, Advocates and Trust Leadership Team; or
 - b. a Staff Declaration of Pecuniary Interest Form in the case of those Managers and other members of staff who may be charged with any kind of procurement or who line manage another member of staff with procurement responsibility.
- 4.2 Original Declaration of Interest forms for Advocates, Headteachers, Senior Leadership and Line Managers should be kept in the individual Schools as should the relevant Staff Declaration of Pecuniary Interest Forms.
- 4.3 A summary (including nil returns) of all declarations from Local Advocate Board (LAB) members should be sent to the Chief Financial Officer (CFO) and Governance Professional to Trustees by each Headteacher (or their Clerk to Advocates) at the start of each academic year.
- 4.4 Original Declaration of Interest Forms for members, Trustees and Executive Management will be kept at the Trust's Head Office, regional office or on-line.
- 4.5 Declarations of Interest Forms for any newly appointed member, Trustee, Advocate, Trust Leadership Team, Headteacher, Senior Manager or anyone who may line manage another member of staff or have responsibility for any procurement, within the academic year should be completed by the individual within one month of them being appointed, filed in the appropriate place and copied to the CFO and Governance Professional to Trustees, if appropriate.
- 4.6 All those who are deemed a related party must notify any changes (additions or cessation) to their declared interests as soon as reasonably practicable to:
 - a. the Governance Professional to Trustees (in the case of members, Trustees and the Trust Leadership Team).
 - b. the Clerk to Advocates of their respective School (in the case of Advocates); or
 - c. their school finance personnel (for those Senior Managers and other members of staff who may be charged with any kind of procurement or who line manage another member of staff with procurement responsibility).
- 4.7 The Declarations of Interest for members, Trustees, Advocates and the Trust Leadership Team should be included on the Trust's website and updated whenever any changes occur.
- 4.8 Individual Trust schools should publish the Declarations of Interest for every member of their Local Advocate Board on their website and update them whenever any changes occur.
- 4.9 Upon receipt of the annual Declaration of Interest Forms, the summary of Advocate interests received from each Local Advocate Board, and any notifications of changes

thereto, the CFO will undertake a management review to determine which if any interests are required for disclosure to the ESFA and/or in the statutory accounts. The CFO will report the outcome of his/her review at each Finance, Audit and Risk Committee meeting.

5. Conflicts of Interest

- 5.1 Once a conflict, or potential conflict of interest has been identified, the appropriate procedures should be followed at all times.
- 5.2 For the avoidance of all doubt, the Trust would always seek to avoid any conflict, or potential conflict of interest and they should be avoided unless otherwise agreed by the CEO and / or CFO in consultation with the Finance, Audit and Risk Committee and / or Trust Strategic Board.

6. Managing Conflicts of Interest

6.1 Governance Meetings:

- a. For the purposes of this policy, governance meetings are deemed to include the following. This is not an exhaustive list and should always include any bodies set up around procurement arrangements:
 - Members' meetings
 - Strategic Board of Trustee meetings
 - Leadership Management meetings
 - Local tier Governance meetings
 - Any committee meetings from the above bodies
 - Senior Leadership meetings
 - Recruitment Panels
 - Formal HR Meetings/Panels
- b. Attendees of any Governance meeting should be asked at the start of the meeting to declare any interests in items on the agenda or any changes to their previously disclosed declared related party interests.
- c. It is up to the Chair of the meeting to decide whether it would be in the best interests of any decision making for the person with the declared interest to stay for the discussion of that particular item. This should be clearly noted in the Minutes with the explanation as to why that person was asked to stay.
- d. Anyone with a declared conflict of interest will not have any voting rights whatsoever on that item.
- e. Should a conflict occur unexpectedly during a meeting, e.g., through Any Other Business, it should be declared immediately to the Chair of the meeting. The Chair can then make the decision whether to ask the person to leave or to make a note of the declaration and withdraw any voting rights from that person.

6.2 Line Management Structure:

- a. Unless approved by the Trust Strategic Board, the direct line management structure

of any school or of the core Trust should not include people who are in a close relationship. Where two people in the same line management structure subsequently enter into a close relationship, one or the other must be moved to a different line management structure. Advice should be sought from HR before any action is taken.

- b. Where someone has a close relationship that could affect decisions taken, the Headteacher must be advised. If that person is a Headteacher or is a member of the Trust Leadership Team, it should be declared to the CEO. If that person is the CEO, it should be declared to the Chair of Trust.
- c. All reasonable steps should be taken to avoid people being in the direct line-management structure with someone with whom they have a close relationship. This will include considering appointing one of the people within the relationship to an equivalent role in a different line management structure. In cases where this cannot be avoided, a member of staff more senior than both members in the close relationship will make decisions about areas which would otherwise lead to a conflict of interest. Advice should be sought from HR accordingly.
- d. If one of the parties is the Headteacher, the CEO and an advocate of the school will be involved in making decisions which otherwise would lead to a conflict of interest.
- e. Such decisions mentioned above would include (but not be limited to), those relating to salary, promotion, taking on extra responsibilities, opportunities for career progression, continuing professional development opportunities, appraisal, complaints and any formal HR proceedings outcomes e.g., disciplinary, capability, grievance.
- f. Conflicts of interest must be considered as part of any appointment process and management of the issue must be identified before any appointment is made which could lead to a conflict of interest or the perception of it.
- g. A close relation cannot be appointed to a role which reports directly to the Headteacher. In the event the Headteacher enters into a relationship with a direct report, unless approved by the Trust Strategic Board, one or the other must leave the school or take a position that reports into someone else among the school staff. Advice should be sought from the HR Team before any action is taken.

6.3 Appraisals:

- a. A staff member's appraisal must not be conducted by a person with whom they are in a close family relationship.
- b. Where it has been impossible to avoid a Line Manager directly managing someone with whom they have a close relationship, the appraisal will be done by someone who is senior to the direct Line Manager, having first discussed the appraisal with them.
- c. Where this cannot be avoided if the direct Line Manager is the Headteacher the appraisal should be conducted by the CEO or another role delegated by the CEO.

6.4 Promotional / Additional Paid Responsibilities:

- a. The procedures for staff applying for any post/extra responsibilities will follow the same procedures as above. Any staff involved in the recruitment process will be asked to declare any close relationships they may have with any of the candidates and, if so, will not be involved in any stage of the recruitment process e.g., shortlisting, interviewing, etc.
- b. In cases where a conflict of interest may arise, (other than a Headteacher), a

member of staff more senior than both members in the close relationship will replace the person in the close relationship in the recruitment process and on the interview panel.

- c. Where this concerns the Headteacher, the CEO will replace them in the recruitment process.

6.5 Training / CPD / Time Off Work:

- a. For any decisions around such requests which could cause a conflict of interest, a more senior member of staff than those in the close relationship will make the decision.
- b. In the case where one of the parties is the Headteacher, the CEO will make the decision.

6.6 Complaints / Grievances / Disciplinary / Capability / Sickness Cases involving a Member of Staff in a Close Relationship:

- a. The relevant Trust policies should be referred to at all times. Where any proceedings are instigated under staff policies and one of the members is in a close relationship with the member involved, these shall be referred to the Headteacher and/or the Trust's People Lead to determine the appropriate person to be involved. For the avoidance of doubt, such proceedings could include:
 - Charing a grievance hearing.
 - Charing a disciplinary hearing.
 - Handling a complaint.
 - Being a member of an Appeals Panel.
 - Charing a sickness meeting.
 - Conducting a disciplinary / grievance investigation; and
 - Charing a capability hearing. This is not an exhaustive list, and other instances may be relevant. A staff member shall suffer no adverse repercussions from raising a complaint or grievance against someone who is in a close relationship with another member of staff or governor.

6.7 Confidentiality

- a. The senior member within the close relationship is expected to maintain the highest professional standards, including not passing on confidential information to the other member within that close relationship. This includes all information which is shared at management levels above those to which the less senior member would normally have access.
- b. If a staff member suspects that information is being shared inappropriately, it should be reported to, and investigated by, a more senior member of staff.
- c. Where one of the parties is a Headteacher and the other is suspected of receiving confidential information, the CEO should handle the complaint.

7. Supporting Trustees to Manage Conflicts of Interest

- 7.1 To support Trustees in managing conflicts of interest and to demonstrate complete transparency:

- a. The Governance Professional to the Trust maintains a comprehensive “Register of Declarations of Business Interest” which is shared with key finance personnel within the Trust. This register covers Trustees and Executive Leaders. Local Advocates register is held at school level by the responsible clerk. The register is kept up to date at all times and published on the Trust’s or School’s website.
- b. The CFO reviews the Register and ‘Register updates’ to ensure potential related parties are identified and flagged within the Trust’s accounting system, such that any transactions are appropriately identified and routed.
- c. All related party transactions are considered and agreed by the Finance, Audit and Risk Committee prior to any new orders being placed (schools are asked in advance of the year to identify the extent of likely transactions with related parties). The Finance, Audit and Risk Committee ensures procurement is fair and open and that a competitive tendering process is in place and applied.
- d. The requirements around related party transactions are regularly discussed within leadership and finance conferences.

8. Related Party Transactions

- 8.1 From April 2019, new requirements came into force regarding the reporting and approval of Related Party Transactions. These sit alongside those contained within the Academies Accounts Direction covering disclosure. Specifically:
 - a. The Trust must ensure that all related party transactions taking place on or after April 2019 are reported to the ESFA in advance.
 - b. The ESFA’s prior approval must be obtained for contracts with related parties for the supply of goods or services agreed on or after 1 April 2019 where any of the following limits arise:
 - A contract exceeding £20,000.
 - A contract of any value that would take the total value of contracts with the related party beyond £20,000 in the same financial year ending 31 August.
 - A contract of any value if there have been contracts exceeding £20,000 individually or cumulatively with the related party in the same financial year ending 31 August.
 - The Trust must seek approval for all novel, contentious or repercussive transactions.
- 8.2 Specific rules apply to payments to related parties where these exceed £2,500 in the financial year. In these circumstances, the Trust must pay no more than ‘cost’ for goods or services provided to it (Nb. ‘services’ do not include contracts of employment):
- 8.3 The CFO is responsible for ensuring procedural compliance including:
 - a. Ensuring timely notification of potential transactions to the ESFA through ongoing school liaison, pro-active contact and advice to schools, Trustees and key management personnel.
 - b. Seeking statements of assurance where transactions do occur, utilising the ESFA pro forma.
 - c. Making sure that goods and services by individuals or organisations related to the Trust are provided at no more than cost beyond the limits specified, currently

£2,500.

- d. Ensuring only permitted payments are made, in accordance with the Articles of Association.
- e. Preparing an annual summary (at the start of each financial year) of likely transactions, the procurement process to be followed and rationale for the procurement seeking Finance, Audit and Risk Committee approval to proposals. Finance, Audit and Risk Committee to ensure 'conflicts are managed'.
- f. Ensuring those in positions of control understand and manage real and perceived conflicts of interest, in accordance with public life principles.
- g. Working with the Governance Professional to the Trust and Company Secretary to ensure there are measures in place to manage conflicts of interest; that Trustees understand and comply with their statutory duties; and that the Register of Interests is maintained.
- h. Making disclosures within the annual accounts, to show that transactions have been conducted in accordance with the high standards of accountability and transparency required within the public sector.
- i. Maintaining a file of evidence attached to each related party transaction including the decision-making process and procurement evidence demonstrating a fair and transparent process.

9. Review

- 9.1 This Policy has been adopted by the Trust will be reviewed by the Strategic Board annually.

10. Links with Other Policies

- 10.1 The links with other policies are:

- a. Financial Regulations Policy.
- b. Whistleblowing Policy.