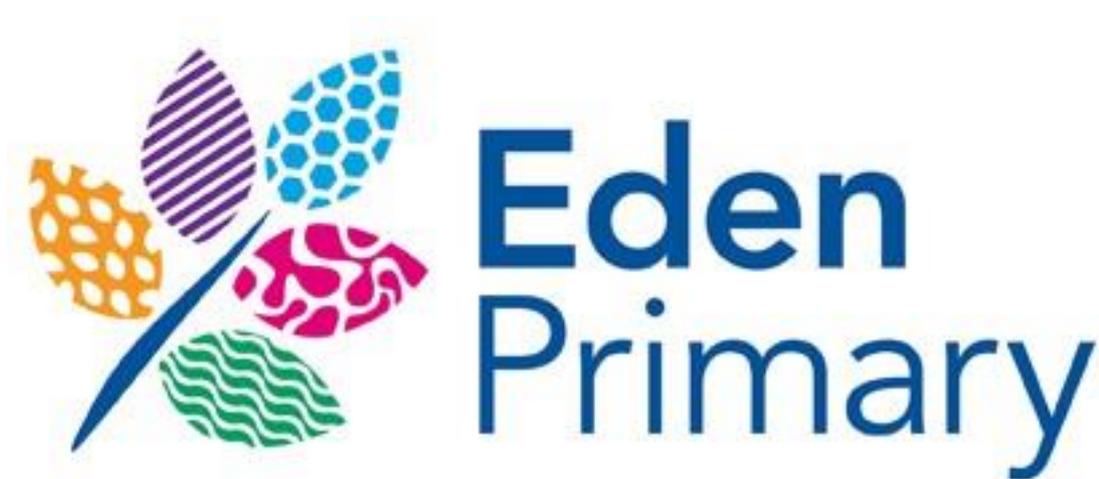


Conflicts of interest and related party transactions policy

Eden Primary



Approved by:

Risk, Audit, Finance &
Staffing Committee

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1. Aims

This policy aims to ensure that:

- The academy trust provides a transparent and open governance, and seek to avoid and manage conflicts of interest as well as the perception of them.
- The trust and those associated with it avoid conflicts of interest and where it is not possible, manage and declare them.
- The trust will seek to ensure that both staff and the public are aware that the Trust fosters an environment where there are policies and procedures 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.

2. Who is the policy for?

This policy applies to anyone within the Trust who is charged with the responsibility of making a decision with financial implication on behalf of the Trust, who can influence the career progression of another member of staff or who can influence the appointment of an external candidate. As such it applies to members, governors, the head teacher and those senior managers who may be charged with any kind of procurement of who line manage another member of staff.

3. Policy Standards

3.1 What constitutes a conflict of interest?

A conflict of interest, or the perception of conflict, arises when 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 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.

3.2 Definition of a close relationship

A close relationship is defined as 'a close member of the family or a member of the same household who may be expected to influence or be influence in person'.

This would include:

- Husband, wife, civil partner, partner or cohabitee
- Parent
- Child
- Brother or sister

3.3 Declaration of interest

- All members, governors, the head teacher and senior managers who may be charged with any kind of procurement or who line manager another member of staff must sign and submit to their Trust a Declaration of Interest form at the start of each academic year and no later than 30th September each academic year.
- Original forms for members, governors and senior managers should be kept at the school.
- Declaration of Interest forms for any newly appointed member, governor, head teacher or senior manager, within the academic year should be completed by the individual within one month o their being appointed and filed.
- The Declaration of Interest for members, governors should be included in a table on the trust website and updated no later than 14th October each academic year and as appropriate throughout the year.

3.4 Managing a conflict of interest

Once a conflict, or potential conflict of interest has been identified, the procedures outlined in Appendix A should be followed.

3.5 Related Party Transactions

This policy is based on the [Academies Financial Handbook](#) for related party transactions, identifying the how the school deals with goods and services provided by individuals or organisations connected with the trust. Relevant sections from the Academies Financial Handbook are copied in Appendix B.

The Eden Primary Competitive Tendering Policy should be followed and adhered to for any transactions made by the trust.

Wherever possible, related party transactions should be avoided. Where there is no alternative, the rules outlined in Appendix B must be followed.

For any unavoidable related party transaction that does occur, this must be approved, in writing, by someone more senior than the person in the school who has the relationship with the related party. The approver must have the delegated authority to approve the transaction and must satisfy themselves that all the rules and guidelines both within the Academies Financial Handbook and any related trust policies have been followed to the best of their knowledge.

Appendix A: Managing conflicts of interest

1. Conflicts of interest during governance meetings

- Attendees should be asked at the start of any governance meeting to declare any interest in items of the agenda.
- 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.
- Anyone with a declared conflict of interest will not have any voting rights whatsoever on that item.
- 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.
 - Governance meetings applicable would include:
 - Full Governing Body meetings
 - Any committee meetings
 - Senior Leadership meetings
 - Recruitment panels
 - Formal HR meetings/panels

This is not an exhaustive list and should always include any bodies set up around procurement arrangements.

2. Line management structure

- The direct line management structure will 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 other must be moved to a different line management structure.
- Where someone has a close relationship that could affect decisions taken, the Head Teacher must be advised. If that person is the Head Teacher it should be declared to the Chair of Governors.
- 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. In cases where this cannot be avoided, a senior member of staff will make a decision about areas which would otherwise lead to conflict of interest.
- If one of the parties is the Head Teacher, the Chair of Governors will be involved in making decisions which otherwise would lead to a conflict of interest.
- Such decisions mentioned above would include (but are not limited to), those relating to salary, promotion, continuing professional development opportunities, appraisals, complaints and any formal HR proceedings outcomes e.g. disciplinary, capability, grievance.
- 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.
- A close relation of the Head Teacher cannot be appointed to role which reports directly to them. In the event that the Head Teacher enters into a relationship with a direct report, one or the other must leave the school or take a position that reports into some else among the school staff. Advice should be sought from HR before any action is taken,

3. Appraisals

- A staff member's appraisal will not be conducted by a person with whom they are in a close relationship.

- 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. Relevant discussion should be held before the appraisal takes place.
- Where this cannot be avoided if this is the Head Teacher, the appraisal should be conducted by the Chair of Governors after discussions with the Head Teacher.

4. Promotional/Additional paid responsibilities

- The procedures for staff applying for any post/extra responsibilities will follow the same procedures as above.
- Any staff involved with the recruitment process will be asked to declare any close relationships they may have with any of the candidates and, if so, will not involve in any stage of the recruitment process e.g. shortlisting, interviewing etc.
- In cases where a conflict of interest may arise, other than the Head Teacher, a member of staff more senior than both members in the close relationship will replace the person in the close relationship win the recruitment process and on the interview panel.
- Where this concerns the Head Teacher of the school, the Chair of Governors will replace them in the recruitment process.

5. Training/ CPD/ Time off work

- 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.
- In the case where one of the parties is the Head Teacher, the Chair of Governors will make the decision.

6. Complaints/ Grievances/ Disciplinary/ Capability/ Sickness cases involving a member of staff in a close relationship

The relevant policies should be referred to at all times.

- Where proceedings are instigated under staff policies and one of the members is in a close relationship with a member involved, these shall be referred to the Head Teacher and/or HR to determine the appropriate person to be involved.
- For avoidance of doubt, such proceedings should include:
 - Chairing a grievance hearing
 - Chairing a disciplinary hearing
 - Handling a complaint
 - Being a member of an appeals panel
 - Conducting a disciplinary/ grievance investigation
 - Chairing 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.

7. Confidentiality

- 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.
- 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.

- Where one of the parties is the Head Teacher and the other is suspected of receiving confidential information from them, the Chair of Governors should handle the complaint.

Appendix 2: Extracts from the Academies Handbook 2020

If there are any doubts about any of the extracts from the Academies Financial Handbook 2020 mentioned below, advice should be sought from the School Business Manager.

At cost requirements

5.48 Subject to sections [5.53 to 5.56](#) a trust **must** pay no more than 'cost' for goods or services ('services' do not include contracts of employment) provided to it by the following persons ('persons' meaning both individuals and organisations):

- members or trustees of the academy trust
- individuals or organisations related to a member or trustee of the academy trust. For these purposes the following persons are 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 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 can 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.

5.49 A body is 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.

- 5.50 The 'at cost' requirement does not apply to the trust's employees unless they are also one of the parties described in section [5.48](#).
- 5.51 While these provisions do not apply to contracts of employment, the principles of [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 wider market rates.
- 5.52 If staff of an individual or organisation in section [5.48](#) are based in, or work from the premises of, the academy trust, that individual/ organisation and the trust **must** agree an appropriate sum to be paid to the trust for use/occupation of the premises, save to the extent that they are carrying out work for the trust.
- 5.53 The 'at cost' requirement applies to contracts with a related party agreed on or after 7 November 2013.
- 5.54 The 'at cost' requirement applies to contracts with a related party exceeding £2,500, cumulatively, in any one financial year. 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.
- 5.55 In relation to organisations supplying legal advice or audit services to the academy trust, the 'at cost' requirement applies where the organisation's partner managing the service is a member or trustee of the trust but not in other cases for those organisations. The published [ethical standards](#) for auditors prevent partners or employees of the audit firm from acting as a trustee of their client trust, but not of other trusts.
- 5.56 In relation to dioceses, the contributions made by an academy trust to its diocese for services it receives associated with securing the academy trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.
- 5.57 Academy trusts **must** ensure any agreement with an individual or organisation referred to in section [5.48](#) 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.
- 5.58 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 (costs of materials and labour used directly in producing the goods or services)
 - indirect costs (a proportionate share of fixed and variable overheads).