

# Conflicts of Interest and Related Party Transactions Policy

Audience:	School staff / Central Team / All REACH2 Employees Local Governing Bodies Cluster Boards Trustees Members
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## 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, Non-executive representative, 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, Non-executive representatives 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 academies financial 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 (Headteachers and Senior Leadership Team) and in the Central Trust team (Executive Management Team, Heads of Service, Directors and Deputy Directors of Education), including, all full and part time staff, any staff on sessional or short term contracts, agency staff; and seconded staff.

- 4.1.2 Any self-employed consultants or other individuals working for the Trust under a contract for services should make a declaration of interest in accordance with this policy, as if they were Trust employees.
- 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 Cluster Board Non-Executive Representatives
- 4.1.5 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 Academies Financial 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 or Senior Employee 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 he has, or can have, a direct or indirect interest or loyalty that conflicts, or possibly may conflict, with REAch2's interests.
- 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 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, he or she 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 14 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 make a Declaration of Interest in accordance with this Policy.

7.2 A Declaration of Interest must be completed and confirmed via GovernorHub (see appendix 4 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 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.

- 7.3 Examples of interests include, but are not limited to:
- 7.3.1 Directorships, partnerships and employments with businesses,
  - 7.3.2 Trusteeships and governorships at other educational institutions and charities; and
  - 7.3.3 Any material interests arising from close family relationships between the Members or Trustees, and relationships between Members or Trustees and employees.
- 7.4 In addition to completing and updating the declaration of interests, every Trustee must declare to the other Trustees and the Clerk to the Trustees the nature and extent of any direct or indirect interest he or she may have in any existing transaction or arrangement with REAch2 or any transaction or arrangement proposed with REAch2 of which the Trustee is aware.
- 7.5 A Trustee's declaration must be made to the other Trustees and the Clerk to the Trustees:
- 7.5.1 At a Trustees' meeting at which the transaction or arrangement is to be discussed; or
  - 7.5.2 By written notice sent by post or email to the other Trustees and the Clerk to the Trustees using the form of notice attached at Appendix 2.
- 7.6 The Trustee must give notice to the other Trustees and the 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.
- 7.7 If Trustees are unsure of what to declare, or whether/when their declaration needs to be updated, they should contact the Clerk to the Trustees for guidance.

## **8 Publishing information relating to Declarations of Interest**

- 8.1 The Company Secretary will use the information provided by Members and Trustees 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 governance administrator will use the information provided by Cluster Board Non-Executive Representatives to maintain a register of interests. The register will be published on the Trust website
- 8.3 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.
- 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 his or her duties as a Trustee of REAch2, the Trustee must:

10.1.1 Disclose that fact as soon as he or she becomes aware of it;

10.1.2 Absent himself or herself from any discussions of the Trustees in which it is possible that a conflict will arise between his or her duty to act solely in the interests of REAch2 and any other duty or personal interest he or she might have; and

10.1.3 Trustees must 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 his duties as a Member of REAch2, the Member must:

10.2.1 Disclose that fact as soon as he or she becomes aware of it;

10.2.2 If requested by the other Members, absent himself or herself from any discussions of the Members in which it is possible that a conflict will arise between his or her duty to act solely in the interests of REAch2 and any other duty or personal interest he or she might have; and

10.2.3 Members must 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 or 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 generally.
- 11.3 We wouldn't expect such matters to be discussed at Members' meetings but should this be the required, the above will also apply in respect of Parent Members.
- 11.4 Parent 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 Managing the relationship with Reach South**

- 12.1 Trustees and Members who are also involved with Reach South will have an interest in all matters relating to Reach South and its relationship with REAch2. A Trustee or Member might have a potential conflict between the duty owed to REAch2 and the duty owed to Reach South.
- 12.2 In order to manage this conflict, such Trustees (or Members to the extent relevant) should not vote or count in the quorum on any matter relating to the relationship between REAch2 and Reach South, but may (if invited to do so by the other Trustees (or Members as relevant)) take part in any discussion about any such matter where the other Trustees conclude that it would be useful for the Trustee (or Member) to remain in order to provide information. This will include any decision by REAch2 to enter into an agreement for the provision of services to Reach South.
- 12.3 If Reach South is to receive payments from REAch2 (or otherwise receive a benefit - such as services provided at an undervalue), the Related Party Transaction will need to be properly managed in accordance with Appendix 1. This will apply to:

- 12.3.1 Trustees of REAch2 who are also trustees, employees, members or consultants of Reach South;
  - 12.3.2 Trustees of REAch2 who are connected to persons who are trustees, employees, members or consultants of Reach South, (a person will be connected if they are included in the list at 14.2.1(a))
  - 12.4 Those Trustees who are also trustees and members of Reach South must observe the provisions dealing with conflicts in Reach South's articles of association and adhere to any conflicts policy adopted by its trustees.
- 13 Expenses**
- 13.1 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:
    - 13.1.1 The reasonable cost of travelling to and from trustee meetings, and on trustee business and events;
    - 13.1.2 The reasonable cost of childcare, or care of other dependents (for example, an elderly parent) whilst attending trustee meetings;
    - 13.1.3 The cost of postage and telephone calls on charity business; and
    - 13.1.4 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.
  - 13.2 The following should not be classified as 'expenses':
    - 13.2.1 Compensation for loss of earnings whilst carrying out trustee business; or
    - 13.2.2 Honoraria payments (small or token sums not intended to reflect the true value of the service provided); or
    - 13.2.3 Expenses in connection with foreign travel.
  - 13.3 The Chair of the Trust Board, (or in his or her absence, the Vice-Chair) has the authority to approve expense claims from Trustees.
  - 13.4 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.
- 14 Trustee Benefits and Related Party Transactions**
- 14.1 **What is a 'Benefit'?**
    - 14.1.1 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.

14.1.2 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. In this case, this will include Reach South.

14.1.3 Payments in respect of expenses are not classified as 'Benefits' and are considered in further detail in paragraph 13 below.

#### 14.2 **Connected persons**

14.2.1 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 definition of a connected person for these purposes is as follows:

- (a) Any child, stepchild, parent, grandchild, grandparent, brother, sister or spouse of the Trustee or any person living with the Trustee as his or her partner;
- (b) A firm or company in which the Trustee is: a partner, an employee, a consultant, a director, a member or a shareholder (unless the payment is 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);
- (c) A firm or company in which an individual listed in (a) above is connected in the ways set out in (b).

#### 14.3 **General Trustee Benefits**

14.3.1 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.

#### 14.4 **Specific Trustee benefits**

14.4.1 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.

14.4.2 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 his or her duty to avoid it, but the conflict must be managed.

14.4.3 By way of reminder, Benefits received from Reach South will also be caught by the restriction and so must be properly authorised in accordance with the articles.

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

#### **14.5 The management and reporting of Trustee Benefits and Related Party Transactions**

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

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

14.5.3 The Trust will seek prior approval from the ESFA, as required by the academies financial 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 £20,000
- (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, £20,000 in the same financial year ending 31 August

14.5.4 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.

14.5.5 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

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

14.5.7 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.

## **15 Buying services from Trustees or connected persons**

15.1 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:

15.1.1 The contract had been properly procured in accordance with the REAch2 procurement policy; and

15.1.2 The terms of the academies financial 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.

15.1.3 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.

## **16 Reporting and Consequences of Non-Compliance**

16.1 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.

16.2 The Education and Skills Funding Agency may also issue a Financial Notice to Improve (FNtI) 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 FNtI can, in exceptional circumstances, also result in the termination of our funding agreement(s).

16.3 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.

## **17 Adoption and circulation**

17.1 This policy was approved and adopted by a resolution of the Trust Board passed at a meeting held on 12 May 2020 and takes effect from 1 September 2020.

17.2 This policy shall be circulated to the Trust Board, the Members, the Cluster Boards, LGBs and others at the discretion of the Chair of the Trust Board.

## **18 Review**

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

**Date of next review: September 2021**

## 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), either from REAch2 or from REAch4. 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 his 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 he might be breaching his 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 himself from the part of any meeting at which there is discussion of:
  - His or her employment, remuneration, or any matter concerning the contract, payment or benefit; or
  - His or her performance in the employment, or his or her performance of the contract; or
  - Any proposal to enter into any other contract or arrangement with him or her or to confer any benefit upon him or her; 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 himself from the part of any meeting at which there is discussion of:
  - His or her employment, remuneration, or any matter concerning the contract, payment or benefit; or
  - His or her performance in the employment, or his or her 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 [Academies Financial 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"> <li>• 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;</li> <li>• We are supplying the goods and services on an open book basis and we will provide more information on request; and</li> <li>• 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.</li> </ul>	
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"> <li>• 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;</li> <li>• There is full compliance with the trust's scheme of delegation;</li> <li>• Open and fair procurement and compliance with the trust's procurement procedures have taken place;</li> <li>• Potential conflicts of interest within the academy trust have been robustly managed;</li> <li>• 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);</li> <li>• The supplier understands that open book arrangements are in place and they will provide more information on request, if needed; and</li> <li>• 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.</li> </ul>	
Director of Finance	
Date	
Signature	
<b>Notes</b>	

**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.

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 boards declarations that can in turn be uploaded to the relevant website.