



**Gippeswyk Community
Educational Trust**

ACHIEVING SUCCESS TOGETHER

This Policy has been adopted and approved by Gippeswyk Community Educational Trust and is to be used by all members of the Trust.

RELATED PARTY POLICY	
Approved by GCET	13.12.2019
Date of next Review	Autumn Term 2021 (<i>Two yearly – Odd Years</i>)
Responsible Officer	Trust CFO – Mrs T Goodchild
Policy Number	TF9

Definition of a “Related party”

Related parties arise where:

- One party has control or influence over the other, **or**
- The parties are subject to common control

As an academy trust we can make transactions with related parties, as long as we:

- Follow open and transparent procurement procedures
- Manage any potential conflicts of interest

However, it is our preference to avoid related party transactions.

Related parties include:

- Parties with control over, or controlled by, the trust, e.g. parent and subsidiary companies
- Parties having significant influence over the trust
- Key management personnel of the trust, including any director, whether executive or otherwise
- Close family members of any of the above
- Others subject to control or significant influence by any individual referred to above

This means that related parties include trust's trustees and their close family members and business partners.

Incoming and outgoing transactions

Related party transactions can be categorised as two types: incoming and outgoing.

Examples of incoming related party transactions include the donation of:

- Goods
- Services
- Property
- Money

Examples of outgoing related party transactions include the purchase of:

- Goods
- Services
- Property

Requirements for managing related party transactions

Conflicts of interest - as a Trust we:

- Make sure there are measures in place to manage conflicts of interest.
- Make sure trustees understand and comply with their statutory duties as company directors:
 - To avoid conflicts of interest.
 - Not to accept benefits from third parties.
 - To declare interest in proposed transactions or arrangements.
- Make sure all members, trustees, local governors of academies within a multi-academy trust, and senior employees have completed the register of interests retained by the academies.
- Make sure requirements for managing related party transactions are applied across the trust.
- Make sure that no member, trustee, local governor, employee or related individual or organisation uses their connection to the academy trust for personal gain.
- Make sure that the value of any gifts given by the academy trust is reasonable and within its scheme of delegation, has regard to propriety and regularity in the use of public funds, and that the decision is documented.

Transparency

As a Trust we:

- Recognise that certain transactions with related parties may attract greater public scrutiny and require sufficient disclosure in annual accounts to support the high standards of accountability and transparency of the public sector, including
 - Transactions with individuals in a position of control and influence, including the chair of the board of trustees and accounting officer
 - Payments to organisations which have a profit motive, as opposed to those in the voluntary sector
 - Relationships with external auditors that go beyond their duty to deliver a statutory audit
- Keep sufficient records, and make sufficient disclosures in its annual accounts, to show that transactions with these parties, and all other related parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

Procurement and payments

As a Trust we:

- Are even-handed in relationships with related parties, and ensure goods or services provided by individuals or organisations related to the trust as defined in the Academies Financial Handbook are provided at no more than cost beyond the limits specified in the Academies Financial Handbook.
- Make sure there are no payments to any trustee by the trust unless permitted by the articles, or by authority from the Charity Commission, and comply with any relevant agreement with the Secretary of State
- Obtain the Charity Commission's approval for paying a trustee for acting as a trustee
- Where any staff of individuals or organisations related to the trust are based in or work from the premises of the trust, agree with these individuals or organisations an appropriate sum to be paid to the trust for any use/occupation of the premises that doesn't involve the staff carrying out work for the trust itself
- Make sure that any agreement with a related party 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 to the trust that the charges do not exceed the cost of the goods or services

- 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

Reporting and approval of related party transactions

- Trusts must report all contracts and other agreements with related parties to ESFA in advance of the contract or agreement commencing, using ESFA's related party on-line form. This requirement applies to all such contracts and agreements made on or after 1 April 2019.
- Trusts must obtain ESFA's prior approval, using ESFA's related party on-line form, for contracts and other agreements for the supply of goods or services to the trust by a related party agreed on or after 1 April 2019 where any of the following limits arise:
 - a contract or other agreement exceeding £20,000
 - 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

Register of interests

- The academy trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors of academies within a MAT and senior employees, including:
 - directorships, partnerships and employments with businesses
 - trusteeships and governorships at other educational institutions and charities
 - for each interest: the name and nature of the business and the nature of the interest.
- The register must identify relevant material interests from close family relationships between the academy trust's members, trustees or local governors. It must also identify relevant material interests arising from close family relationships between those individuals and employees. 'Close family relationships' (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.
- Trusts should consider whether other interests should be registered. Boards of trustees should keep their register of interests up-to-date at all times.
- Trusts must publish on their websites relevant business and pecuniary interests of members, trustees, local governors and accounting officers. Trusts have discretion over the publication of interests of other individual named on the register.

Supplier certification

Certification of supplier	
<p>I certify, on behalf of that:</p> <ul style="list-style-type: none"> the goods and services detailed in this form will be supplied to GCET 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. 	
<p>Notes</p> <p>Direct costs means the costs of any materials and labour used directly in producing the goods or services.</p> <p>Indirect costs means a proportionate and reasonable share of fixed and variable overheads.</p> <p>At cost means without profit as it includes direct and indirect costs only.</p> <p>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.</p>	
Name and position	
Date	
Signature	

GCET

Certification of GCET	
<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 GCET have been robustly managed; the trust'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. 	

CEO	S COMMON
Date	
Signature	