

**Plymouth
School of
Creative Arts**

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**Connected Parties,
Related Party Transaction and
Register of Pecuniary Interest Policy**

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1. Introduction

The purpose of this policy is to set out the steps and processes that Plymouth School of Creative Arts ('PSCA' or 'the Trust') follows to ensure that the rules relating to transactions and relationships with related parties are compliant with guidance published in the Academies Financial Handbook¹.

2. What is a related party?

2.1 According to guidance published by the Education Funding Agency (now Education and Skills Funding Agency (ESFA))² related parties "*arise where one party has control or influence over the other, or where the parties are subject to common control.*"

2.2 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 an academy trust's trustees and their close family members and business partners.

2.3 Types of related party transaction include the purchase, sale, lease or donation of goods, services, property or money.

2.4 'Related parties' and 'connected parties' is used interchangeably in this policy.

¹

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714474/Academies_Financial_Handbook_2018.pdf

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/390210/EF_A_review_of_related_party_transactions.pdf

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3. Relationships with connected parties

3.1. Plymouth School of Creative Arts must be even-handed in their relationships with connected parties by ensuring that:

- Trustees understand and comply with their statutory duties as company directors to (i) avoid conflicts of interest, (ii) not to accept benefits from third parties, and (iii) to declare interest in proposed transactions or arrangements.
- No member, trustee, employee or related individual or organisation uses 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.
- There are no payments to any trustee by the trust unless such payments are permitted by the articles, or by express authority from the Charity Commission and comply with the terms of any relevant agreement entered into with the Secretary of State. Plymouth School of Creative Arts will in particular, need to 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
- The Charity Commission's prior approval is obtained where the trust believes a significant advantage exists in paying a trustee for acting as a trustee.
- The trust should be aware of the Charity Commission's guidance for trustees [CC11: Trustee expenses and payments](#).
- They abide by the 'at cost' requirements (set out in further detail in section 5 of this policy).

4. Requirements for managing connected party transactions

4.1. The Board of Trustees must ensure that the requirements for managing connected party transactions are applied across the trust. The

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Chair of the Board of Trustees and the Accounting Officer must ensure that their capacity to control and influence does not conflict with these requirements. They must manage personal relationships with connected parties to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with the [seven principles of public life](#).

5. 'At cost' requirements

5.1 PSCA must pay no more than 'cost' for goods or services (not including services provided under an employment contract) provided to it by any of the following parties:

- Any member/trustee of the academy trust
- Any individual/organisation connected to a member/trustee of the academy trust, such as:
 - Close family members
 - Individuals/organisations in business partnership with the member/trustee or a relative of the member/trustee
 - A company in which a trustee/member or the relative of a trustee/member 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 which is controlled by a trustee/member or the relative of a trustee/member
- Any individual/organisation that's given the right under the trust's articles of association to appoint a member/trustee of the academy trust; or any body related to such individual/organisation (i.e. controls, is controlled by or is jointly controlled with the individual/organisation)
- Any individual/organisation recognised by the secretary of state as a sponsor of the academy trust; or any body related to such an individual/organisation

5.2 The 'at cost' requirement does not apply to the Trust's employees unless they are also one of the parties described above.

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5.3 The 'at cost' requirement applies to contracts for goods and services from a connected party exceeding £2,500, cumulatively, in any one financial year of the trust. Where a contract takes the trust's cumulative annual total with the connected party beyond £2,500, the element above £2,500 must be at no more than cost.

5.4 The Trust will ensure 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 (for an example please refer to Appendix 2);
- 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.

6. Transparency

6.1. The Trust must recognise that some relationships with connected parties may attract greater public scrutiny, such as:

- Transactions with individuals in a position of control and influence, including the Chair of the Board of Trustees and Accounting Officer;
- Payments to commercial 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.

6.2. The Trust must maintain sufficient records, and make sufficient disclosures in their Annual Accounts, to evidence that transactions with these parties, and all other connected parties, have been conducted in accordance with the high standards of accountability and transparency required within the public sector.

7. Seeking Approval

7.1. The Trust must seek ESFA's prior approval for transactions with connected parties that are novel and/or contentious. The Trust should

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carefully consider the impact of this requirement and its relevance to transactions involving the Chair of the Board of Trustees and the Accounting Officer.

8. Register of Pecuniary Interests

8.1. PSCA will maintain a register of pecuniary interests for members, trustees and any staff, who are involved in financial management or in a decision making position within the Trust. An example of the pecuniary interest form is attached at Appendix 1.

8.2. The register of pecuniary interest must capture relevant business and pecuniary interests of members, trustees and such staff as identified in 8.1 above, including:

- directorships, partnerships and employments with businesses;
- trusteeships and governorships at other educational institutions and charities;
- for each interest: the name of the business; the nature of the business; the nature of the interest; and the date the interest began.

8.3 The register must identify any relevant material interests arising from close family relationships between the Trust's members or trustees. It must also identify relevant material interests arising from close family relationships between those individuals and employees. Close family relationships are defined in section 3.10.12 (third bullet) of the [Academies Financial Handbook 2018](#).

8.4 The Trust should consider carefully whether any other interests should be registered. The Boards of Trustees should keep their register of interests up-to-date through regular reviews.

8.5 The School Governance (Procedures) (England) Regulations state that members of the governing body with any such interest must declare it as soon as possible at any meeting of the full governing body or committee meeting, must not take part in the discussion, must not vote and should withdraw from the meeting. Their withdrawal and return should be minuted.

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8.6 All staff are required under Section 117 of the Local Government Act 1972 to declare any pecuniary interest they may have in any contract with which the school may be concerned.

8.7 The Trust must publish on their website relevant business and pecuniary interests of members, trustees, and accounting officers. Trusts have discretion over the publication of the interests of any other individual named on the register. The Charity Commission offers guidance on managing potential conflicts of interest in: [CC29: Conflicts of interest: a guide for charity trustees](#)).

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APPENDIX 1



Annual Declaration of Pecuniary Interest(s)

Academic Year:.....

Name of Governor/staff member:

Members of the Governing Body and staff members (who are involved in financial management or in a decision making position within the Trust) are asked to record any pecuniary interests held either personally or through a company or a relative or partner.

Please complete this form and return it to the Clerk to the Governing Body as quickly as possible.

Please be aware that if your circumstances change during the academic year you will need to complete another pecuniary interest form. The register will be open for inspection and will be reviewed annually. In addition, the register for governors will be published on the school's website.

Governors and staff are reminded that completion of this form does not remove the requirement upon them to disclose orally any interest at any specific meeting and to withdraw.

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DECLARATION	
Please delete as applicable:	Governor/Staff
Are you a parent governor?	YES/NO
Will you have a child at the school during the current academic year?	YES/NO
Are you a Company Director, Partner or Owner of any Business or a Trustee of a charity?	YES/NO
If YES, please name and confirm the position(s) you hold:	
Are you a member of any professional bodies, membership organisations, public bodies or special interest groups?	YES/NO
If YES, please name and confirm the position(s) you hold:	
Is your spouse, or anyone living with you, employed by the school?	YES/NO
If YES, please add information:	
Is there any other interest you wish to declare?	YES/NO
If YES, please add information:	

Signed: Date:

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APPENDIX 2

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Connected Parties Statement of Assurance

A trust **must** pay no more than 'cost' for goods or services provided to it by the following parties ('services' do not include services provided under a contract of employment):

- Any member/trustee of the academy trust
- Any individual/organisation connected to a member/trustee of the academy trust, such as:
 - Close family members
 - Individuals/organisations in business partnership with the member/trustee or a relative of the member/trustee
 - A company in which a trustee/member or the relative of a trustee/member 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 which is controlled by a trustee/member or the relative of a trustee/member
- Any individual/organisation that's given the right under the trust's articles of association to appoint a member/trustee of the academy trust; or any body related to such individual/organisation (i.e. controls, is controlled by or is jointly controlled with the individual/organisation)
- Any individual/organisation recognised by the secretary of state as a sponsor of the academy trust; or any body related to such an individual/organisation

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Declaration: As a Connected/ Related Party to the Plymouth School of Creative Arts, I hereby provide assurance that :

- The charges made to the school do not exceed the cost of the goods or services; and
- The goods/services are provided on the basis of an open book agreement including a requirement to demonstrate clearly, if requested, that the charges do not exceed the cost of supply.

Print:

Sign:

Date:

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Date	Changes made	By
12/9/18	<p>General review</p> <p>Changes reflect provisions in updated Academies Financial Handbook 2018 (e.g. Statement of Assurance)</p> <p>Changes to processes around Register of Pecuniary Interests to reflect best practice (now includes members of staff with financial control, i.e. budget holders)</p>	Kundai Mupunga / Susanne Hose
19/9/18	Approved by Governing Body	

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