

HASMONEAN HIGH SCHOOL
HASMONEAN



אל תקרי בניך אלא בוניך

Currently being reviewed

CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS POLICY

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1. INTRODUCTION

Hasmonean High School is committed to the highest standards of governance. An important part of this relates to the management of conflicts of interest and related-party transactions. We seek to avoid or manage not just conflicts of interest but the perception of them. The overall approach we take is to avoid conflicts of interest wherever that is possible, and to declare and manage them where it is not.

These policies are also designed to ensure that the school's staff, including members of staff in a close relationship, can work in an environment where they know that there are processes in place to avoid conflicts of interest and that where issues arise, they are dealt with fairly and transparently.

2. WHAT CONSTITUTES A CONFLICT OF INTEREST?

A conflict of interest or the perception of conflict arises where a member staff has influence over, or decision rights about, the career progression, compensation, benefits or other such matters concerning another member of staff with whom they have a close relationship; or a member of staff has influence or decision rights over a purchasing or other transactions where a close relationship is involved (ie related-party transactions).

A close relationship is defined as a near relative, partner, close friend or associate including:

- husband, wife, civil partner, partner or cohabitee
- parent
- child
- brother or sister

This list is not necessarily exhaustive. Individuals should assume it to mean being in a relationship.

3. DECLARING CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST

All staff and governors of the school and all Trustees of the Jewish Secondary School Movement (JSSM) are required to declare all conflicts of interest and potential conflicts of interest in relation to the school. Once a conflict or potential conflict of interest has been identified, the following procedures will be used to manage the conflict.

4. MANAGING CONFLICTS OF INTEREST

4.1 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 and is in a position that would trigger these procedures, that person must declare their relationship to the Executive Headteacher

(or equivalent). Where that person is the Executive Headteacher (or equivalent), they must declare it to the chair of governors.

- All reasonable steps must be taken to avoid people being in the direct line-management structure with (not just the immediate superior of) someone with whom they have a close relationship. This will include considering appointing one of the people with the relationship to an equivalent role in a different line management structure. In cases where this cannot be avoided (and where none of the parties is the Executive Headteacher), a member of staff more senior than both members in the close relationship will make decisions about areas which would otherwise lead to conflicts of interest.
- Where one of the parties is the Executive Headteacher, two members of the ELT (including at least one head of school or equivalent) and a governor will be involved in making decisions which otherwise would lead to conflicts of interest.
- Such decisions 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, grievances etc.
- 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 cannot be appointed to a role which reports directly to the Executive Headteacher. In the event that the Executive Headteacher enters a relationship with a direct report, one or other must leave the school, or take a position that reports into someone else among the school staff.

4.2 Appraisal

- 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 in the line who is senior to the manager (usually the manager's manager) having discussed the appraisal with the direct line manager. For the avoidance of doubt, all reasonable steps should have been taken to avoid someone line managing someone with whom they have a close relationship.
- Where this cannot be avoided because one of the parties is the Executive Headteacher, two members of the ELT (including a head of school or equivalent) and a governor will be make sure the assessment is fair and appropriate.

4.3 Promotion/ additional (paid) responsibilities

- The procedures for all staff applying for any post/ extra responsibilities will follow the same procedures
- All staff involved in the recruitment process will be asked to declare any close relationships that they may have with those who have applied

- Those who have close personal relationships with candidates will not be involved in any stage of the recruitment process e.g. shortlisting, interviewing etc.
- In cases where a conflict of interest may arise (but where none of the parties is the Executive 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
- Where one of the parties in a close relationship is the Executive Headteacher and the other applies for a post or responsibility, two members of the ELT (excluding the Executive Headteacher) and a governor will be involved in shortlisting and interviewing candidates

4.4 Requests for training/ CPD/ time off/ continuing professional development opportunities

- Where decisions about such requests would involve a conflict of interest, a more senior member of staff than those in the close relationship will make the decision (except where one of the parties in a close relationship is the Executive Headteacher)
- Where one of the parties is the Executive Headteacher and the other applies for any of the above, two members of the ELT (including at least one head of school or equivalent but excluding the Executive Headteacher) and a governor will make the decision

4.5 Complaints / grievances against a member of staff in a close relationship

- Where the school's complaints and grievance policy would result in a member of staff making a complaint about another staff member to someone who is in a close relationship with the person complained about, the staff member raising the concern should contact a more senior staff member than either of those in the close relationship (except where one of the parties in a close relationship is the Executive Headteacher). Either that more senior staff member or someone else more senior than those who have the relationship will handle the complaint and ask an unrelated third party to investigate the complaint and present them with their findings.
- Where one of the parties is the Executive Headteacher and the other has a complaint raised against them, two members of the ELT (including at least one head of school or equivalent but excluding the Executive Headteacher) and a governor will handle the complaint; they will ask an unrelated third party to investigate the complaint and present them with their findings.
- 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.

4.6 If one party in a close relationship makes a complaint (which may lead to disciplinary action) against another member of staff

- Where a conflict of interest would arise, a more senior staff member than either of those in the close relationship (except where one of the parties in a close relationship is the Executive Headteacher) will handle the complaint and ask an unrelated third party to investigate the complaint and present them with their findings.

- Where one of the parties is the Executive Headteacher and the other is raising the complaint against another member of staff, two members of the ELT (including at least one head of school or equivalent but excluding the Executive Headteacher) and a governor will handle the complaint; they will ask an unrelated third party to investigate the complaint and present them with their findings.

4.7 Confidentiality

- The senior member within the close relationship may not pass 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 (except where one of the parties in a close relationship is the Executive Headteacher).
- Where one of the parties is the Executive Headteacher and the other is suspected of receiving confidential information from the Executive Headteacher, a governor will handle the complaint.

5. RELATED-PARTY TRANSACTIONS

Hasmonean High School follows the policy for related-party transactions laid out in the Academies Financial Handbook 2015. The policy deals with goods or services provided by individuals or organisations connected to the academy.

For ease of reference, the relevant sections are copied below.

In addition, the following applies:

- Where possible, related-party transactions should be avoided. Where there is no alternative supplier of necessary services other than those provided by the related party, or where the related party demonstrably provides higher quality and/or cheaper services than any alternative, then the rules below for trading with connected parties must be followed.
- In any such case, the school's procurement policy will apply with the additional stringency that for transactions less than £2,500, the procurements process otherwise applying to purchases above £2,500 must be followed
- Any related-party transaction 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 as set out in the school's delegated authority schedule to approve the transaction. The approver must satisfy themselves that this policy (including all rules below for trading with connected parties) has been followed in full and their written approval should include a declaration that the policy has been followed to the best of their knowledge. There are sample declarations for both sides of the related-party transaction.

5.1 Extracts from the Academies Financial Handbook 2015

3.2 Trading with connected parties

3.2.2 Subject to sections 3.2.7 to 3.2.12, a trust **must** pay no more than 'cost' for goods or services provided to it by the following persons ('services' do not include services provided under a contract of employment):

- any member or trustee of the academy trust;
- any individual or organisation connected to a member or trustee of the academy trust. For these purposes the following persons are connected 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 which is 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 is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes;
- any individual or organisation that is given the right under the trust's articles of association to appoint a member or trustee of the academy trust; or any body related 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 related to such individual or organisation.

3.2.3 A body is related 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.

3.2.4 The 'at cost' requirements does not apply to the trust's employees unless they are also one of the parties described in section 3.2.2

3.2.5 Whilst these provisions do not apply to contracts of employment, the same principles of securing value for money and using public money properly, including managing conflicts of interest, will still apply. Salaries paid should be appropriate to the individual's skills and experience and the salary rates paid in the wider market.

3.2.6 Should any staff/personnel of an individual or organisation referred to in section 3.2.1 be 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 such use/occupation of the premises, save to the extent that they are carrying out work for the trust.

3.2.8 The 'at cost' requirement applies to contracts for goods and services from a connected party agreed by the academy trust on or after 7 November 2013

3.2.10; 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. For these purposes, 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.

3.2.12 In relation to organisations supplying legal advice or audit services to the academy trust, the 'at cost' requirement applies where the organisation's partner directly 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 also prevent partners or employees of the audit firm from acting as a trustee of their client trust, but not of other trusts.

3.2.14 Academy trusts **must** ensure that any agreement with an individual or organisation referred to in section 3.2.2 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 that 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.

3.2.16 For these purposes the cost will be the 'full cost' of all the resources used in supplying the goods or services. Full cost includes:

- all direct costs (the costs of any materials and labour used directly in producing the goods or services); and
- indirect costs (comprising a proportionate and reasonable share of fixed and variable overheads).

3.2.17 Full cost **must not** include an element of profit.

6. 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>

Name and address of supplier	
Value of goods or services to trust	<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"> 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; 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.

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"> 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 academy trust have been robustly managed;

Certification of academy trust	
<ul style="list-style-type: none"> 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. 	

Name and position (in academy trust)	<i>Person signing must be sufficiently senior within the academy trust</i>
Date	
Signature	

<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>

Reviewed by Stone King:
Checked by Maxine Zeltser – Foundation Governor
Ratified by Governors Finance and Premises Committee
Next Review