

DOVE HOUSE SCHOOL ACADEMY TRUST

Related Party Policy

Policy issued: January 2016
Approved by T Pegler, Headteacher & A Benton, Chair of Governors
Signed Annie Benton & Tom Pegler.....
Approved at Governing Body on 2 February 2017 Next Review to be January 2018

1. Dove House will 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 anybody related to such individual or organisation;
- any individual or organisation recognised by the Secretary of State as a sponsor of the academy trust; or anybody related to such individual or organisation.

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.

2. 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; and
- 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.

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 'at cost' requirements does not apply to the trust's employees unless they are also one of the parties described in section 1.

3. Any agreement with an individual or organisation referred to in section 1 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.

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).

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

4. Should any staff/personnel of an individual or organisation referred to in section 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.
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.