

Lee Bolton Monier-Williams
Solicitors



Lee Bolton Monier-Williams are at the centre of a network of Academy Trusts, including many Church of England Dioceses. Our team have been reviewing the issues around the new requirements of the 2018 Academies Financial Handbook around Related Parties and the reporting of transactions with them. We have issued briefings, run a Workshop, and put information into the public domain through Schoolsweek and Education Answers, our online portal for such information. Susan Newell comments as follows on the latest developments:

With a week to go before the 1 April deadline, the long-awaited guidance from ESFA on the new related party transaction notification and approval process was published at the end of last week. It can be accessed here: <https://www.gov.uk/government/publications/related-party-transactions-information-for-academy-trusts/declare-or-see-approval-for-related-party-transactions-summary-guidance>.

Between 1 April and 1 September this year, only related party transactions where the academy trust is paying out will need to be disclosed, using a new online form. ESFA is reviewing what it plans to do about income from a related party, and presumably there will be some indication in the 2019 Academies Financial Handbook, when it is published in the summer. Trusts will need to have registered for an IDAMS account to submit the form.

There is still no additional guidance on what is meant by a related party, and so academy trusts will need to make a decision on the level of reporting they are comfortable with, and Church academy trusts are likely to find the list uncomfortably long. As the list of information to be provided in the notification process about the supplier (section 4.1) includes confirmation that there is a "statement of assurance" and that there is an "open-book agreement", it would appear that ESFA is expecting those that are related parties and those that are subject to the "at cost" provisions to be substantially the same people. This is despite the fact that the list of those covered by the "at cost" provisions is not the same as the definition of related parties in the academies accounts direction and the charities SoRP.

One piece of good news for Church academy trusts is that those services obtained from the Diocese that are deemed to be at cost will not need approval (see section 3). They will still need to be reported, but it appears that this can be done as a single report.

Please note the process for seeking approval for those transactions which will exceed £20,000 in cumulative value is fairly onerous, and trusts will have to provide several pieces of evidence: of the discussion and agreement of the transaction; that it followed its procurement policy; that it tested the market before decision; how it has managed any conflict of interest; together with a copy of the relevant agreement. ESFA says that it aims to decide on approval requests within 10 working days, if sufficient information and evidence is provided.