

# Lancaster Green Spaces – Conflict of Interest Policy V.1

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- Approved by trustees on: 22/11/2018
- Policy operational on: 1/12/2018
- Next review date: 1/12/2020

## SECTION 1: Conflict of Interest Statement and Policy

### 1.1 Why we have a policy

Trustees should put the interests of the organisation first. A conflict of interests may arise where the objective of the organisation and the interests and loyalties of Trustees do not coincide, or appear to clash. This code of conduct provides guidance on what standards of behaviour are expected. It should be reviewed bi-annually or as the need arises.

Trustees, or their friends and family, should not be favoured, especially in terms of service received, employment or funding.

Trustees have a legal obligation to act in the best interests of the organisation and in accordance with its governing regulations. Any undeclared conflicts of interest may create problems: they may inhibit free discussion, result in decisions or actions that are not in the best interests of the organisation, and risk the impression that the organisation has acted improperly.

Even the appearance of a conflict of interest can damage the organisation's reputation, so potential conflicts of interests need to be managed carefully and with transparency. Like other organisations, Trustees will commit to the '*tabloid test*' ie *how would this decision look if it was ever reported by a journalist determined to the organisation look as bad as possible?*

The aim of this policy is to protect both the Charity and the individuals involved, from any appearance of impropriety.

Regulations governing the conduct of paid employees and volunteers are laid out in other policies of the Charity.

### 1.2 What are the consequences of breaching the conflict of interest policy?

Failure to declare an interest by a Trustee could justify removal from the Board of trustees. If Trustees are not sure what to declare, or whether/when a declaration needs to be updated, they should err on the side of caution and discuss the issue in a transparent way at a meeting.

Failure to act in the best interests of the organisation could constitute a breach of trust for which a personal liability (financial, legal or otherwise) could arise.

### 1.3 How do Trustees identify a conflict of interest?

Conflicts of interest may arise in a number of different scenarios:

Decisions which result in a direct financial gain or benefit to the Trustee, such as:

- payment to a Trustee for services provided to the organisation
- the award of a contract to another organisation in which a Trustee has an interest and from which a Trustee will receive a financial benefit

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- the employment of a Trustee in a separate post within the organisation, even when the Trustee has resigned in order to take up the employment

Decisions which result in an indirect financial or non-financial gain, such as:

- employment by the organisation of a partner or close family member where their finances are inter-dependent
- when a Trustee is also a user of the organisation's services

Conflict of loyalties, such as:

- where a Trustee is appointed by one of the organisation's funders, or where a friend or relative of a Trustee is employed by the organisation
- where a Trustee is also a Director or Trustee of another organisation, which may have conflicting interests

## **1.4. Out of Pocket Expenses**

It is acceptable to repay reasonable out of pocket expenses to Trustees. Any costs that are necessary to allow a Trustee to carry out his or her duties as a Trustee can be classed as expenses and recovered from the organisation or met directly by the organisation. This may include travel costs and the cost of providing care for a dependent whilst attending a Trustee meeting or when undertaking other Trustee business.

## **1.5 Payment of Trustees for Trustee' Duties and/or for the Supply of Services or Goods**

1.5.1 This policy must concur with the Procurement policy and the Equal Opportunities section of the Recruitment policy.

Charity Rules allow a Charity to pay a Trustee, but only in certain circumstances. Any payment to a Trustee for work undertaken for the Charity, must be approved by the Board of Trustees, after due regard to current legislation

1.5.2 There will be a threshold for contracting work to a Trustee to a maximum of £1,000 before advertising. The value of the contract and the payment rate must be independently valued.

1.5.3 Supply of goods and services by a Trustee

Goods and services may be provided at the best market rate.

Loans and services may be provided no higher than the current market rate. The market rate to be tested by other Trustees and documentary evidence to be provided.

1.5.4. Renting or buying property from Trustees

Property owned by Trustees will not be rented or bought by the organisation.

## **SECTION 2: Procedures**

### **2.1 Register of interests**

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The Trustees will maintain a register of interests, which will be kept by the secretary and updated annually, or as the need arises. Trustees should declare their interests in connection with their role in the organisation and ensure these are listed in the register of interests.

At the beginning of a meeting a standing agenda item will allow for every Trustee to declare any private interest which he or she has, in relation to the agenda.

Data Protection: The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that Trustees, members and all staff act in the best interest of the organisation. The information provided will not be used for any other purpose.

## **2.2 Conduct at meetings regarding conflict of interest**

### **2.2.1 Direct financial gain or benefit**

Any Trustee, who has a financial interest in a matter under discussion, should declare the nature of their interest at the start of the meeting and withdraw from the meeting when the item is discussed and voted on. They may be granted, by other Trustees/members, dispensation to speak but not to vote.

### **2.2.2 Indirect financial gain or benefit**

If a Trustee has any interest in the matter under discussion, which creates a real danger of bias, because the matter affects a member of their family or household, they should declare the nature of the interest and withdraw from the meeting for the item on the agenda unless they have a dispensation to speak.

### **2.2.3 Trustees who are the Charity's Service Users**

Trustees who are users of the Charity's services, or who are the carer or partner of someone who uses Charity's services, should not be involved in decisions that directly affect the service that is received by them or their related parties. Trustees should declare their interest at the earliest opportunity and withdraw from any subsequent discussion. Trustees may, however, participate in discussions from which an indirect benefit is received, for example where the benefits are universal to all users, or where the benefit is minimal.

### **2.2.4 Conflict of loyalty.**

Trustees who are a Director or Trustee for another organisation, or a representative from another organisation (such as the local authority) should declare a conflict of loyalties between those different roles for agenda items or decisions which entail a potential conflict. Trustees of the Charity must act only in the best interests of the Charity. If this conflicts with the interests of the other organisation then Trustees should declare the nature of the interest and withdraw from the meeting unless granted a dispensation to speak.

## **2.3 Managing contracts/applying for funding**

Trustees must not be involved in managing or monitoring a contract in which they have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

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Any Trustees who has a conflict of interest when applying for funding or contracts, should declare their interest and the matter should be discussed with the Trustees.

## **2.4 Loans and property sales**

A Trustees, or someone closely connected with them, may not receive loans from the Charity or buy property from the Charity. Such loans or sales may give the impression of personal gain from their position and damage the reputation of the Charity.

## **2.5 Making Decisions where a Trustee has an interest**

The Trustees will need to:

- decide if there is a conflict of interest
- decide whether to allow the conflict
- ensure that they have followed proper procedures when making this decision

If a Trustee fails to declare an interest that is known to the organisation secretary, the chairperson or any other Trustee, they should declare that interest.

When deciding whether to allow the conflict, the Trustees must ensure that:

- It is in the interests of the organisation to authorise the conflict of interest in the circumstances.
- The conflicted Trustee is absent from the room when the discussion is taking place.

All decisions will be made by vote with a simple majority required. A quorum must be present for the discussion and decision and the conflicted Trustee must not be counted when deciding whether the meeting is. The conflicted Trustee may not vote on the matter.

## **2.6 Recording outcomes of decisions:**

All decisions under a conflict of interest must be recorded by the organisation secretary and reported in the minutes of the meeting. The report will record:

- the nature and extent of the conflict
- an outline of the discussion
- the actions taken to manage the conflict

## **2.7 Accounts**

All payments or benefits, in money or in kind, to individual Trustee and related parties, will be reported in the Company's Accounts and the annual report to the regulator, for the year in question.