



Conflicts of Interest Policy

1. Introduction

A conflict of interest is any situation in which a trustee's personal interests or loyalties could, or could be seen to, prevent the trustee from making a decision only in the best interests of the charity.

2. Understanding Conflicts of Interest

Trustees have a duty to act in the best interest of their charity.

A conflict of interest, or conflict of loyalty, is any situation where a trustee's personal interests or interest they owe to another person or body may influence a trustee's decision making.

A perceived conflict of interest is where an interest which a trustee has could be seen to influence their decision, even if it does not. It is important to recognise where conflicts might be perceived, even if the trustee feels confident it will not affect their decision. If a situation looks like a conflict of interest, it's best to treat it as one.

There may be situations in which a trustees' loyalty to Lee Hub conflicts with their loyalty to:

- the body which appointed them
- another charity of which they are involved / a trustee
- a member of their family.

Such conflicts of loyalty will not stop anyone from being a trustee, but they can cause conflicts of interest, or perceived conflicts of interest.

3. Raising a conflict

As soon as a conflict, actual or perceived, comes to light it should be raised with the board.

Some interests may not present a conflict straight away, but trustees should still declare their key interests regularly. For long term interests, such as joining a new organisation or charity as an employee, director or trustee, the interest should be declared and included in the charity's register of interests.

When a conflict of interest does arise, it is the responsibility of the trustee in question to declare such a conflict to the board. If he or she fails to do so, the chair of the trustees or charity secretary should declare the conflict. It is advisable at the start of board meeting to request the declaration of any interests in relation to any item covered on the meeting agenda, ensuring that appropriate action can be taken and formal records made.

If a trustee has a short-term interest or a conflict of interest, such as having a contract with a supplier for a single project and finding that supplier is also being considered by the board, the interest should be declared at the start of any meeting or discussion relating to the area of conflict.

4. Managing interests in decision making

Having a conflict of interest does not always mean a trustee should not be involved in decision-making. However, it's the duty of the board to make sure conflicts are managed properly so decisions taken by the board are balanced and not influenced by private interests.

When a trustee declares a conflict of interest, the board should collectively agree on how to manage this, in line with the Charities Commission Guidance: Conflicts of Interest (CC29) <https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29>

If the conflict is low risk, and the trustee is able to meaningfully contribute, the board may choose to note the interest of that trustee formally in the minutes, but allow them to participate in the discussion. The trustee may be excluded from any voting that takes place.

If the conflict is high risk, and the trustee is unable to participate without being influenced (or if it might be seen that way by an outside observer), the board should ask the trustee to step away from the discussion.

Where a conflict regularly prevents a trustee from participating in decision-making, the board should consider reviewing that trustee's position and making sure they're still able to carry out their role. If they're not able to fully contribute, they may be asked to step down.

However, all conflicts whether considered low or high risk, must be recorded in the charities' Conflict of Interest register.

5. Dangers of conflicts of interest

If trustees allow factors such as other external interests to influence their decision making, they may make decisions that are not in the charity's best interest. This could be costly to them and damage the work and reputation of the charity. The most common dangers arising out of a conflict of interest are:

- poor decision making
- legal challenge
- loss of trust within the boardroom
- reputational damage, including a reduction in donations, volunteers and public support

6. Governance

Within the board itself, poorly managed conflicts of interest will harm working relationships, adversely affecting and inhibiting free discussion. Where a trustee is known to have an interest in a decision, the remaining trustees may feel under pressure, whether express, implied or simply imagined, to decide in the interests of their fellow trustee. Alternatively they may resent the interest of the other trustee and vote against it, even when following the trustee's interest may be the best course of action for the charity. In both cases, the trustees' primary consideration has been a trustee's interest, not that of the charity.

Having and applying a conflicts of interest policy is therefore key to managing such conflicts in an open and transparent manner.

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