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## Conflict of Interest Policy

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### Introduction and Definitions

1.1 No matter at what level of an organisation people work, there is always the possibility of a situation arising when a potential or perceived conflict of interest arises.

1.2 This Conflict of Interest Policy outlines in detail the procedure for declaration of interests. The Conflict of Interest Policy applies to everyone working for Foresight North East Lincolnshire Ltd as well as to members of the Board of Trustees.

1.3 The aim of this policy is to set out the procedure for handling conflicts of interest within Foresight North East Lincolnshire Ltd, it defines:

- What is a conflict of interest?
- The Register of Interests
- The procedure for handling conflicts of interest within Trustees' meetings and through the provision of Foresight North East Lincolnshire Ltd' s services

### 2. What is a Conflict of Interest?

A conflict of interest is any situation in which an individual's personal interest or that which they owe to another body, and those of the charity arise simultaneously or appear to clash.

### 3. What Issues does it raise?

We recognise that it is inevitable that conflicts of interest occur. The issue is not the integrity of the person concerned, but the management of any potential to profit from a person's position as trustee or member of staff, or for a trustee or member of staff to be influenced by conflicting loyalties. Even the appearance of a conflict of interest can damage the charity's reputation, so conflicts need to be managed carefully.

#### **4. Defining a Conflict of Interest**

Almost all of us have personal or professional interests, such as a hobby, an investment in a business or a desire to help our friends and family members succeed in their own interests. Sometimes we base our decisions on whether or not they will ultimately benefit from one or more of these interests.

#### **5. Trustees/Staff**

Employees and trustees who are in a position to directly or indirectly influence the outcome of Foresight North East Lincolnshire Ltd business must take extra steps to ensure that their private interests do not compete with their professional duties. At Foresight North East Lincolnshire Ltd this applies to members of the Board and to all staff.

#### **6. What Does the Law Say About Conflicts of Interest?**

The law states that trustees may not receive any benefit from their charity in return for any service they provide to the charity unless they have express legal authority to do so. "Benefit" includes any property, goods or services which have a monetary value, as well as money. This legal authority will come either from a clause in the charity's governing document or, where there is no adequate clause in the governing document, from us or the Court.

The rule that a trustee cannot receive any benefit from his or her charity without explicit authority is based on the principle that trustees should be in a position where their personal interests and their duty to the charity conflict, unless the possibility of personal benefit from which the conflict of interest arises is transparent. Transparency is achieved by requiring explicit authorisation of the benefit, and by ensuring that any particular conflict of interest is properly and openly managed.

It is the potential, rather than the actual, benefit from which the conflict of interest arises which requires authority. In order to avoid a breach of trust and to ensure transparency, authority is required when there is a possibility of benefit. This will avoid accusations of impropriety, which could in turn have a damaging effect on the charity's reputation.

#### **7. Identifying a Conflict of Interest**

Conflicts of interest may come in a number of different forms:

- Direct financial gain or benefit to the trustee, such as:
  - Payment to a trustee for services provided to the charity;
  - 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; or
  - The employment of a trustee in a separate post within the charity, even when the trustee has resigned in order to take up the employment.
- Indirect financial gain, such as employment by the charity of a spouse or partner of a trustee, where their finances are interdependent;
- Non-financial gain, such as when a user of the charity's services is also a trustee. Trustees will need to be able to demonstrate that the arrangement is in the best interests of the charity and that the conflict of interest is transparently managed.

Trustees will need to consider such options as:

- Whether or not the benefit and conflict of interest will be ongoing or a one-off situation; and
- The procedures which the trustees have in place to ensure that conflicts of interests are managed transparently.

## **8. Register of Interests**

All Committee members and lead senior managers/budget holders are required to complete an Annual Declaration of Interests form. Forms are retained in a Register of Interests folder. For the purposes of this policy, a budget holder is defined as any member of staff who manages a budget, however small, or who is a signatory to a budget within his/her department. A senior manager is defined as a manager who reports directly to a Director.

8.2 A full Register of Interests of all senior managers, budget holders, Board members will be presented to the Board for inspection in February each year.

8.3 The Register of Interests is held by the Board Secretary. It is a public document available for inspection under the Freedom of Information Act. The Register is updated twice a year and is inspected at least once a year by the Auditors.

8.4 The Register of Interests of Board members is published in the Annual Report.

8.5 It must be remembered that conflicts of interest apply to all staff employed by Foresight North East Lincolnshire Ltd, regardless of whether they complete a declaration.

## **9. Procedure during Board Meetings, Committee Meetings and for the Handling of Tenders**

9.1 At any meeting where the subject matter leads a participant to believe that there could be a conflict of interest, this interest must be declared at the earliest convenient point in the meeting. This relates to their personal circumstances or anyone that they are aware of at the meeting. In the case of Foresight North East Lincolnshire Ltd for example, the Chairperson requests Board members to declare their interests in items on the Board agenda as item 3 of every public Board meeting.

9.2 Declarations of interests must be clearly identified within the minutes of the meeting, including any need to withdraw and reasons for not doing so.

9.3 As a rule, those with pecuniary interests should withdraw from the meeting and those with non-pecuniary interests could be allowed to stay, depending upon the circumstances. The meeting needs to determine whether there could be a matter of bias (any unfair regard with favour, or disfavour) in the matter. Members allowed to stay in the meeting are not allowed to vote on the subject matter.

9.4 The Chair of the meeting must take a decision as to the need for the member of the meeting to withdraw or not from the proceedings. Where this may involve the Chair, the Deputy Chair will take the decision.

9.5 If the Chair of the meeting is the person to whom the declaration of interests relates, the Chair should vacate the seat and the meeting for that item. If there is no Deputy Chair present at the meeting, the meeting must first elect a Chair from within their number by a show of hands.

**10. Review** - this policy will be reviewed at least biannually. This policy was last reviewed and agreed by the trustees on 3<sup>rd</sup> March 2022

This information is also available in other formats, languages and picture format upon request.