

**Aldingbourne, Barnham, Eastergate Community Land Trust**

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**CONFLICT of INTEREST**

DOCUMENT CONTROL

Distribution List

Management Committee
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Document Change

Date	Version	Who	Details

Policy owner: Sue Livett

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## **Conflict of interest**

### About conflicts of interest & why they matter

The Aldingbourne, Barnham & Eastergate Community Land Trust (ABECLT) is a Community Benefit Society, established to develop housing in our local area. We believe in good governance. This means that when making investment decisions, procuring/buying products and services on behalf of the Society, committee members, staff & volunteers must act in the best interests of local people who are in need of housing and treat the people who will be housed, & their representatives fairly.

This policy is intended to ensure people have fair access to suitable opportunities and services.

### Our expectations

We are aware of the need for a well-run organisation to manage conflicts of interest fairly. To do this the Society will operate effective frameworks to identify, control and review conflicts of interest. We will demonstrate this by embedding principles and rules into our policies and working practices. Conflicts of interest will be taken into account when considering new products, processes and business models. This will be included on our Risk Register and reviewed at least annually.

For the purposes of this policy a relative may be a child, parent, grandchild, grandparent, brother, sister, spouse or civil partner of the employee/volunteer/trustee or any person living with them as his or her partner. The policy also covers friendships where personal interests may influence decision making.

### Committee of Management

The Committee of Management have a legal duty to act in the Society's best interests when making decisions as a committee member. If there is a decision to be made where a committee member has a personal or other interest, this may be a conflict of interest and the individual will not be able to comply with their duty unless the Society follows certain steps.

Conflicts of interest are common in most organisations. We recognise that having a conflict of interest does not mean you have done something wrong, but we need to act to prevent them from interfering with our ability to make a decision only in the best interests of the Society. We will therefore follow a 3 step approach (identify, prevent, record) to enable us to comply with our duty and avoid:

- making decisions that could be overturned.
- risking the Society's reputation.
- having to repay the Society if unauthorised payments are made.

### Staff & Volunteers

The same principles apply to staff and volunteers.

### How to identify a conflict of interest

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Staff/volunteers/committee members must declare a conflict of interest immediately you are aware of any possibility that your personal or wider interests could influence your decision-making. We will promote awareness of this requirement through induction and annual reminders. New staff/volunteers/committee members will be informed about our conflict of interest policy as part of their induction.

EXAMPLES of potential conflicts of interest – these are not exhaustive:

- Tendering/funding: a person who is also on the committee of another organisation that is competing for the same funding.
- Contracts: someone who has shares in a business that may be awarded a contract to do work or provide services for the Society or is a director, partner or employee or related to someone who is.
- Employment: our activity may attract employees largely from the local community. Under equal opportunities legislation, relatives of existing employees cannot be discriminated against when applying for posts. See appendix A for further details.
- A committee member who is related to a member of staff and there is decision to be taken on staff pay and/or conditions at a committee meeting.
- Payments and benefits to staff: a “benefit” is understood in a wide sense and includes, for example tenancies, leases, sales of property and an award of employment on commercial terms. These may include
  - The grant of a tenancy, licence or lease
  - The sale of property
  - The award of a contract of employment
  - The award of any other kind of contract such as building contract or a contract for services
  - Loans.
- Any controlling interest in a business or company, including any directorships held.
- Gifts and Hospitality: please note bribery is defined as: “the receiving or offering of undue reward to persons in order to influence their behaviour contrary to ordinary standards of integrity and honesty”. The receiving and giving of gifts and hospitality must be disclosed, to ensure any accusations of favouritism at a later date can be avoided. Staff/volunteers/committee members are required to maintain high standards of propriety and professionalism, avoiding laying themselves open to suspicion of dishonesty. A gifts/hospitality register will be maintained and any gifts & hospitality will be recorded. This includes the company or person giving or receiving and the approximate value. Any monetary gifts and any goods must be disclosed to the committee of management. Staff/volunteers/committee members should be aware that gifts and hospitality offered by contractors, suppliers, service providers or users might place a committee member/staff/volunteer in a vulnerable position, even when offered and accepted in innocence, others may misconstrue the intention behind such gifts.

Conventional hospitality is acceptable, when consisting of working lunches or dinners where the frequency and the total cost of the hospitality is reasonable and would not be construed

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by an impartial observer as affecting the employee/volunteer/committee member's judgement regarding the work for which they are engaged with the Society. If in doubt about the regularity or value of hospitality or benefit please check with the Chair of the Society for guidance.

People responsible for the purchase of supplies, equipment or services must take particular care to ensure that there can be no criticism through the acceptance of gifts or other benefits of those involved in tendering processes which must follow the tendering organisation's Standing Order process.

Upon joining the Society, staff/volunteers/committee members are required to complete a Disclosure of Interest form (see attached). Details will be available to the Committee of Management.

Staff/volunteers/committee members must inform the Chair of the Committee if their circumstances change. Failure to comply with this policy may result in disciplinary action. In the course of meetings or activities, staff/volunteers/committee members will disclose any interests in a transaction or decision where there may be a conflict between the Society's best interests and the individual's best interests or a conflict between the best interests of two organisations that the person is involved with. If in doubt the potential conflict must be declared anyway and clarification sought.

The Society will have a standard agenda item at each committee meeting to allow members to declare any actual or potential conflicts of interest. This will also apply to any meetings with staff & volunteers where services/products are being procured.

Disclosure of interests will be reviewed at least annually.

#### How to deal with a conflict of interest

Once a conflict of interest is identified, we will prevent it from affecting decision-making by:

- finding an alternative way forward which doesn't involve the conflict of interest (particularly if the issue is serious).
- taking appropriate steps to manage the conflict (if it's less serious), which will usually mean that the person affected does not take part in discussions about the issue. For example, the person who has declared the conflict of interest withdraws from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other organisation or person;
- The person who has the conflict of interest does not vote on any such matter and is not to be counted when considering whether a quorum is present at the meeting. The other members who have no conflict of interest in this matter consider it is in the interests of the Society to authorise the conflict of interest in the circumstances applying.

Any such disclosure and the subsequent actions taken will be noted in the minutes & reported to the committee of management.

For all other potential conflicts of interest advice of the Financial Conduct Society will be sought and the advice recorded in the minutes. All steps taken to follow the advice will be recorded.

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In some situations we need to ensure we comply with legal restrictions. For example, if the Society planned to sell land to one of its members, or pay a committee member for goods or services.

**EXAMPLES OF HOW WE DEAL WITH CONFLICTS OF INTEREST:-**

**EMPLOYMENT:** we need to ensure that the recruitment process we adopt is fair and transparent and clearly demonstrates that where successful the applicant was clearly the best candidate for the post. The following protocol gives clear guidelines on the steps that need to be taken when a relative of an existing employee applies for a vacant post.

- job application forms request the applicant to state if they are related in some way to an employee or committee member of the Society. Where such a declaration is made, the Society will ensure that:
  - The post will not be line managed by the applicant’s relative, or vice versa.
  - The applicant’s relative takes no part in the recruitment process, from shortlisting for the post through to being on the interview panel to requesting a job offer be made.
  - The Chair will review the interview records to ensure that it is clearly demonstrable that the applicant is the best person for the post.
  - The employing manager/committee members will confirm that there is no conflict of interest created by the appointment of a relative/friend of an existing member of staff, and that any risks have been identified and mitigated in APPENDIX C.

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#### How to record a conflict of interest

In addition to the register of interest, if a conflict of interest arises during our work, we will keep a written record of the conflict of interest and how we dealt with it in the minutes of our meetings. This will explain:

- what sort of conflict of interest it was
- who has the conflict of interest – staff/volunteer/committee member
- if any conflicts of interest were declared in advance
- an outline of the discussion
- if anyone withdrew from the discussion
- how committee members made the decision in the Society’s best interests.

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#### Appendix A : **Procedure for the Recruitment of Relatives**

1. Where a disclosure has been made on a job application form the employing manager/committee members will assess and confirm there are no line management responsibilities by liaising with the manager of the existing member of staff before the applicant is offered the job. Also on initial employment the line manager (who will not be the relation in question) will need to consider the risk of a conflict of interest, for example the relatives should not be counter signatories for payments etc, using APPENDIX C.
2. At the same time the Chair will be informed of the relationship again prior to the job offer being made. The full disclosure (APPENDIX C) will be placed with the register of interests (APPENDIX B) for acknowledgement by the committee of management.
3. The managers of the relatives/friends will reassess the working relationship when any promotion or reorganisation within the teams takes place, ensuring no line management or conflict of interest will occur whether managerial or involving financial processes.





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**Appendix C: Recording potential conflicts of interest**

If a conflict of interest is identified, the register of interest declaration must also include the following information:-

Date	Description of the conflict of interest	Who is involved & their relationship to the Society & each other	Identify risks and measures taken to prevent the conflict	Confirm copied to Chair

Signed by authorising committee member..... Date: .....