



Leicester Diocesan Board of Education: Conflict of Interests Policy

Introduction

LDBE is a charitable company limited by guarantee and as such, its Directors/Trustees have a legal obligation to act solely in the best interests of the charity and in accordance with the charity's governing document (the Memorandum & Articles of Association and the DBE Measure 2021). It does not matter how the trustee is appointed, while they are on the LDBE Board they have a duty to the organisation and this must take precedence. Conflicts of interest or of loyalty may arise where the interests of Trustees or "connected parties" (e.g. their family or close colleagues) are incompatible or in competition with the interests of the charity.

According to the Charity Commission 'a conflict of interest is any situation in which a Trustee's personal interests, or interests which they owe to another body, may (or may appear to) influence or affect the trustee's decision making.'

Such conflicts may create problems as they can:

- inhibit free discussion;
- result in actions or decisions that are not in the best interests of the charity;
- risk the impression that the charity has acted improperly; and/or
- if not declared or managed properly, may have serious implications for the charity and sometimes the Trustee concerned.

What regulates conflicts of interest?

As the charity is a registered company the Trustees who are also the Directors for company law purposes, are required to comply with their fiduciary and Companies Act 2006 duties in relation to conflicts of interest and are required to declare interests in any contracts or proposed arrangements or indeed any decisions of the Board.

Charity trustees are generally not permitted to benefit from the charity of which they are a trustee particularly in relation to an arrangement or transaction with the charity or from delivering services to the charity. These are general prohibitions that are in place unless the governing document specifically allows such or consent is obtained from the Commission., Any conflict of interest provisions contained in the Memorandum & Articles of Association must be complied with.

What types of interests need to be declared?

There are many different types of conflict of interest; the three most common are:

- **Direct Financial Conflicts of Interest** –e.g. where:
 - a Trustee is paid by the charity in their capacity as Trustee or as an employee or acting as a consultant or paid adviser (such as solicitor or accountant);
 - the charity engages the services of a company where a Trustee is employed or is a director or shareholder;
 - land is sold to or used by a Trustee; or
 - a trustee grants a loan to a charity.

- **Indirect Financial Conflict of Interest** – where financial benefits accrue to a close member of the Trustee’s family, a friend, business partner, employer or colleague of a Trustee. This can be said to indirectly benefit the Trustee as for example a teenage son/daughter may be employed by the charity which may reduce the parental burden of financial support on that Trustee.

- **Non-Financial Conflicts of Interest** – where there may be a conflict of interest because a Trustee has another appointment or is associated in some way with another agency or organisation operating in the same area of work as the Charity, or providing the Charity with services or grant funding which is not received by other wider beneficiaries.

In all the above situations it is up to the Trustee in the first instance to determine whether his/her involvement in a matter relating to a third party represents a potential conflict of interest and should therefore be declared. Trustees should be aware of their duty of loyalty to the charity, which may sometimes cause conflicts of interest (e.g. where they are appointed to the Board by another organisation). If the Trustee is not sure what to declare, or whether and when a declaration needs to be updated, the Trustee should err on the side of caution and declare such interests that may be relevant to ensure that the Trustees actions remain transparent and to protect the reputation of the charity. It is for the unconflicted Trustees to take a final decision on whether or not a serious conflict of interest exists and on how it should be dealt with.

What types of interests are permitted?

The Memorandum & Articles of Association set out the position in relation to conflicts of interest. Clause 6 of the Memorandum sets out specifically the types of benefit that can be received by Directors and these should be checked before any payments or benefits are granted to Trustees to see whether such are permitted or whether the consent of the Charity Commission is required (e.g. payments of trustees, employment of trustees, or sale of land to Trustees require the prior written consent of Commission). Even if an interest is permitted, the conflict of interest provisions set out below must still be complied with.

How to Declare an Interest.

In addition, Trustees of LDBE are asked to declare any gifts or hospitality received in connection with their role as Trustee in the Charity; this is specifically set out as an obligation of Trustees in Article 6 of the Articles of Association. Any gifts or hospitality received over £50 should be refused. A Declaration of Interests form is provided for this purpose via the Company Secretary (the Diocesan Director of Education) and the Board may update and review this (and this Conflict of Interest Policy) from time to time.

There are four occasions when a Trustee’s personal interests must be declared:

- **At Their First Meeting:** Every new Trustee will be asked to complete a Declaration of Interests Form.
- **Annually:** After each AGM and prior to the first subsequent Board meeting, Trustees will be asked to review their Declaration of Interests Form and either update it or confirm that it is still correct.
- **When any significant changes take place:** New matters or interests of Trustees should not wait until an annual declaration is made before being notified to the Charity. Trustees should notify the Company Secretary and/or Chair of the Board of all changes or additions as soon as they are known to the Trustee.
- **Verbally at any Board meeting:** Where specific relevant conflicts or potential conflicts may arise, then the Trustee must declare these at the start of each Board meeting. The Chair will ask for any declarations relevant to the agenda to be made known. If it is unknown at the start of the meeting from the agenda that a discussion item creates a potential conflict of interest, then Trustees should raise the matter during the course of the meeting as soon as a potential conflict arises.

If a Trustee fails to declare an interest that is known to the Company Secretary and/or the Chair of the Board, the Company Secretary or Chair will declare that interest.

Register of Interests

The Declaration of Interests form will be used as the basis for recording a Trustee's interests and gifts or hospitality received on the Charity's Register of Interests which is maintained by the Company Secretary.

The information provided by Trustees will be processed in accordance with data protection principles as set out in the Data Protection 1998. Data will be held only to ensure that Trustees act in the best interests of the Charity. Information provided to the Charity will not be used for any other purpose.

Trustees naming a third party as a person connected to them on their declarations shall ensure that they have permission from that individual to pass personal data about that individual to the Charity. If there is a problem with obtaining consent please contact the Company Secretary.

Interests declared at Board meetings shall be recorded in the Minutes of the Board meeting at which the interest is declared, to formally record the declarations made and actions/decisions taken to manage the same accordingly.

Procedure for dealing with conflicts of interest

Trustees should declare their interest at the earliest opportunity through the mechanisms identified earlier in this Policy.

Where conflicts of interest arise and the interest relates to a matter under discussion, the Trustee or the Board itself must decide whether the interest is:

- Category (a) - trivial and does not create a real danger of conflict of interest or bias or the appearance of bias;
- Category (b) - does not create a real danger of conflict of interest or bias, but might reasonably cause others to think it could influence a decision;

- Category (c) - creates a real danger of conflict of interest or bias (that is, the interest affects him/her, or a person or business connected to him/her), more than others affected by the decision.

Generally, the Board will deal with conflicts in accordance with Article 6 and as follows. In the event that the interest falls into:

- Category (a), the Trustee may take part in the discussion but must not vote in relation to that matter.
- Category (b,) it shall be at the discretion of the other Trustees (who do not themselves have an interest in the matter) whether the Trustee may remain in the meeting, but the Trustee must not be counted in the quorum requirements, participate in the discussion, or vote, on the matter.
- Category (c), the Trustee must leave the meeting, not count towards the quorum, not participate in the discussion, nor vote on the matter.

The decision as to how the conflict of interest is to be dealt with must be set out in a resolution of the Board. The resolution may require other steps to be taken, for example, requiring information to be kept confidential or other undertakings to be given by the Trustees. The Trustees who do not have a conflict in relation to the matter must consider whether it is in the best interests of the Charity to authorise the transaction.

Trustees and the Board should endeavour to ensure that a Trustee with a conflict of interest is not provided with information in that capacity which enables him or her to obtain any advantage. In particular, the person who is responsible for sending information to the Trustees prior to a Trustee meeting should check the Register of Interests and take any other reasonable steps to ensure that no sensitive information is sent to a Trustee who may have a conflict of interest relating to that information.

Where a Trustee has persistent or critical conflicts of interest (and particularly if the Trustee concerned seems not to recognise the existence of such conflicts), the Board and/or the Trustee will need to consider whether for the individual simply to withdraw and not vote is sufficient for the purposes of that Trustee being able to serve the Charity, acting in its best interests. Such a Trustee may need to resign or may be requested to resign by the Board, for such reasons.

Review date: 2024

PRIVATE AND CONFIDENTIAL

LDBE Declaration of Interests Form

I [insert name].....have set out below my interests in accordance with the Charity’s Articles of Association and Conflicts of Interest policy.

Category	Please give details of the Interest and whether it applies to yourself or a person connected with you.
Current employment and any previous employment in which the Trustee continues to have a financial interest	
Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals etc	
Membership of any professional bodies, special interest groups or mutual support organisations	
Investments in companies, partnerships and other forms of business, major shareholdings, beneficial interests where these are felt to constitute a potential conflict of interests. (Investments where the Trustee holding constitutes not more than a hundredth of the capital of the company may generally be omitted)	
Any contractual relationship with the Charity	
Ownership of any property that could create a conflict of interest	
Any other conflicts that are not covered above where there could be perceived to be conflicts of interests.	
Any other people, organisations, companies or institutions with whom you are “connected” (under charity or company law), whom you have not already referred to on this form.	

I confirm that the above is a full declaration of all the interests I hold which need to be declared under the Charity’s Articles of Association and Conflicts of Interest Policy. I have read and understand the requirements of the Articles of Association and the Conflicts of Interest Policy and undertake to inform the Company Secretary and/or the Chair of the Board of the Charity as soon as possible if any of the interests I have declared change at any time whilst I am a Director/Trustee of the Charity.

In addition, I confirm that I have undertaken Safeguarding training through school or the Church of England.

SIGNED: _____

PRINT NAME: _____

DATE: _____