



Conflict of Interest Policy

Why we have a Policy?

Trustees have a legal obligation to act in the best interests of Hugh's House, and in accordance with Hugh's House governing document, and to avoid situations where there may be a potential conflict of interest. This policy applies to trustees and directors, staff and volunteers will have similar obligations.

Conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of Hugh's House. Such conflicts may create problems and can:

- Inhibit free discussion
- Result in decisions or actions that are not in the interests of Hugh's House.
- Risk the impression that Hugh's House has acted improperly.

The aim of this policy is to protect both the organisation and the individuals involved from any appearance of impropriety. Reputational consequences including damage to public confidence in charities in general.

Trustees should be aware of the significant negative effects that a conflict of interest can have on the reputation of Hugh's house and on public trust and confidence generally.

If those outside the trustee body, such as the charity's funders or other supporters, have the impression that the trustees have acted in their own interests rather than those of the charity, this may have reputational consequences and affect future funding.

When dealing with conflicts of interest, trustees should be aware of how the situation may appear to someone from outside the charity, and make sure that policies and procedures are in place which will allow trustees to demonstrate that such situations have been dealt with properly.

As a minimum, a conflicts of interest policy should:

- Define conflicts of interest.
- Explain that trustees have a personal responsibility to declare conflicts of interest if they are to fulfil their legal duty to act only in the best interests of the charity.
- Give an account of what the charity's governing document says about conflicts of interest.
- Define all interests on the register that trustees should declare, including business and personal interests and those of their spouse, partner, family and close relatives.
- Define trustee benefits and highlight the requirement to obtain legal authority before any transaction involving trustee benefit is undertaken.

- Include guidance on the procedures to follow when a trustee is subject to a conflict of interest, such as:
 - Recording trustee interests in the charity's register of interests.
 - Declaring interests at the beginning of each meeting include in the agenda.
 - Removing the trustee concerned from the decision-making process where necessary.
 - Recording details of the discussions and decisions made.
 - Set out how and by whom the policy will be monitored and enforced in the Memorandum and Articles and approved and signed by all of the directors
 - Be widely communicated and understood within the charity and emailed to all directors.
 - Be part of a wider policy framework, for example a trustee handbooks. We use the handbooks written by the wheel which all trustees have received copies of. Namely - Financing your Future, Collaborate to Innovate, Knowing and showing outcomes and impacts, Solid Foundations, Getting to Grips with Governance, Reducing the Risk, Workplaces that Work.
- It should also signpost and advocate the values contained in all relevant codes of conduct and other policies that the trustees are obliged to follow. This includes the Institute of Directors Code of Practice "The Role of Directors and the Board in Charity and Not-For-Profit Organisations" has been circulated to all trustees and is part of the preselection pack for potential directors.

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 act in the best interests of Hugh's House. The information provided will not be used for any other purpose.

The Declaration of Interests

- Accordingly, we are asking trustees to declare their interests. This register of interests shall be used to record all gifts and hospitality received by the trustees and staff and any gifts or hospitality offered and received in connection with their role in Hugh's House.
- To be effective, the declaration of interests needs to be updated at least annually, and when any material changes occur.
- If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution.
- Interests and gifts will be recorded on the charity's register of interests, which will be maintained by the charity secretary.
- The register will be accessible by all the trustees and available at every meeting.

Conflicts of Interest

The first step to effectively managing conflicts of interest is to know how to identify them. You must consider three essential things to decide if you have a conflict of interest:

1. Your organisation's charitable purpose.
2. Your personal interests.
3. Your duties as a board member.

Being aware of these three things, and considering how they relate to each other, is the foundation of identifying a conflict of interest.

It is important to have a clear understanding of what is the charitable purpose of Hugh's house. Your purpose is the reason your charity has been set up and what it hopes to achieve. Some people also refer to this as your charity's mission.

While this may seem simple, it can sometimes be difficult to define exactly what a charity's charitable purpose is, particularly if the purpose or activities of the charity have changed over time or if there is more than one purpose.

It is a good idea to look at the purposes set out in your charity's governing documents (often called an objects clause) and the activities through which those purposes are achieved.

This information is a good starting point to working out whether an interest may conflict with the duty to act in the best interests of your charity.

Direct financial interest

You may receive a direct financial benefit as a result of a decision or action by the board of your charity. An example may include the payment of fees to you by the charity in exchange for a service you provide to the charity

Indirect financial interest

Your family or close friend, or another organisation in which you are involved, may stand to benefit financially as a result of a decision made by your board.

Non-financial or personal conflicts

Not all conflicts of interest are about money. In some cases, your personal or religious opinions, values or beliefs may be in conflict with a proposed action or decision of your board.

In some situations, the conflict may arise simply because you want to do a favour for a friend. Alternately, a proposed decision of your board may result in your family or friends receiving a non-financial benefit they would otherwise not be entitled to receive.

Conflict of loyalties

Many people who volunteer on the boards of charities are members of more than one charity's board at a time, often in the same field or industry. If this applies to you, you will need to be able to identify situations where being involved in a decision on one board may impact upon another organisation of which you are a board member.

It is important that, in addition to disclosing the relevant conflict, you are careful to always act in the best interests of the organisation when making a decision for that organisation. When you make any disclosure, be careful that you do not provide any confidential information.

Benefits to trustees

Trustees can only benefit from their charity where there is an explicit authority in place before any decision conferring trustee benefit is made.

Examples of benefits to trustees are where the trustees decide to:

- Sell, loan or lease charity assets to a charity trustee
- Acquire, borrow or lease assets from a trustee for the charity.
- Pay a trustee for carrying out their trustee role.
- Pay a trustee for carrying out a separate paid post as a director or employee of the charity's subsidiary trading company.
- Pay a trustee, or a person or company closely connected to a trustee, for providing a service to the charity - this covers anything that would be regarded as a service and includes legal, accountancy or consultancy services through to painting or decorating the charity's premises, or any other maintenance work.
- Employ a trustee's spouse or other close relative at the charity.

- Make a grant to a service user trustee, or a service user who is a close relative of a trustee.
- Allow a service user trustee to influence service provision to their exclusive advantage.

Trustees may decide in the future to make this register of interest available to the public and to make some or all of their register of interests publicly available on the website.

Hugh's house considers conflicts of interest as a pre-appointment issue. Prospective trustees should be asked about potential conflicts of interest in writing and accompanied by a copy of the conflict of interest policy, and these should be declared to those who will decide on the appointment.

Where prospective trustees are likely to be subject to serious or frequent conflicts of interest, the trustees should seriously consider whether that trustee should be appointed.

Conflicts of loyalty

These conflicts of interest arise because, although the affected trustee does not stand to gain any benefit, the trustee's decision making at the charity could be influenced by his or her other interests.

For example, a trustee's loyalty to the charity could conflict with his or her loyalty to

- The body that appointed them to the charity e.g. a referring hospital or other stakeholder.
- The membership or section of the charity that appointed them to trusteeship.
- Another organisation, such as their employer.
- Another charity of which they are a trustee.
- A member of their family.
- Another connected person or organisation.

The test is always that there is a conflict of interest if the trustee's other interest could, or could be seen to, interfere with the trustee's ability to decide the issue only in the best interests of the charity.

Some conflicts of loyalty arise because a trustee has a competing legal obligation or duty to another organisation or person. Others result from conflicting loyalties which trustees owe or may feel towards family, friends or other people or organisation's who are part of the trustee's network. A conflict of loyalty could also arise where the religious, political or personal views of a trustee could impact on decisions.

Each trustee's legal duty to act only in the best interests of the charity means in practice those individual trustees who fail to declare any conflicts of interest will fail to comply with their trustee duties.

Within 12 months, conflict of loyalty section will be added to this policy as part of the annual policy review.

What to do if you face a conflict of interest

If a trustee is aware of an undeclared conflict of interest affecting another trustee, they should notify the other trustees or the chair.

If you believe you have a perceived or real conflict of interest you should:

- Declare the interest at the earliest opportunity
- Withdraw from discussions and decisions relating to the conflict.

The Charity Secretary should take special care to ensure that minutes or other documents relating to the item presenting a conflict are appropriately redacted for the person facing the conflict.

A balance needs to be made to ensure that the person still receives sufficient information about the activities of the charity generally without disclosing such sensitive information that could place the individual in an untenable position.

If you are user of Hugh's House services, or the carer of someone who uses Hugh's House services, you should not be involved in decisions that directly affect the service that you, or the person you care for, receive(s).

As Hugh's house is volunteer run and there are no paid employees to pay back, we have made the decision to have a stakeholder- current resident/service users to be a member of the board.

We believe that having a service user as well as a stakeholder from the referring hospital is in the best interest of the charity. If there is any topic where there are personal details of other service users being discussed, they will be asked if

appropriate to withdraw from any subsequent discussion, unless expressly invited to remain in order to, must by providing information.

In this case, you may not participate in, or influence, the decision or any vote on the matter. You will not be counted in the quorum for that part of the meeting and must withdraw from the meeting during any vote on the conflicted item.

There are situations where you may participate in discussions from which you could indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal. This action will be agreed by the chair and minuted accordingly.

If you fail to declare an interest that is known to *the charity secretary* and/or *the chair of the board, the charity secretary or chair* will declare that interest. This option is only available to those charities which have an express power to authorise situational conflicts in their governing document.

We will review or document in light of this suggestions:

- In the event of the board having to decide upon a question in which a trustee or member of staff has an interest, all decisions will be made by vote, with a *two thirds majority* required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate. Interested board members may not vote on matters affecting their own interests.

- All decisions under a conflict of interest will be recorded by *the charity 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.

Where a trustee benefits from the decision, this is reported in the annual report and accounts in accordance with the current Charities SORP.

Key points about identifying conflicts of interest

- A conflict of interest exists even where there is the possibility that a trustee's personal or wider interests could influence the trustee's decision making.
- Even the perception that there is a conflict of interest can damage the charity. Where the perception is not accurate because there is no conflict of interest, the trustees should always be able to respond appropriately to the situation by managing the risks to the charity and being prepared to explain how they have made their decisions only in the best interests of the charity.
- Conflicts of interest relate to a trustee's personal interests and the interests of those connected to them. This means that there is a conflict of interest where there is a proposed transaction between the charity and a connected person. Similarly, there is a conflict of interest where there is a benefit or a potential benefit to a connected person.

Where trustees have decided against removal of the conflict of interest they must prevent it from affecting their decision in a different way. They:

- must follow any specific requirements in the law or the charity's governing document which deal with conflicts of interest and how they should be managed
- should, where there are no specific governing document or legal provisions
- require conflicted trustees to declare their interest at an early stage and, in most cases, withdraw from relevant meetings, discussions, decision making and votes
- consider updating their governing document to include provisions for dealing with conflicts of interest
- may, exceptionally, need to seek the authority of the Charity Regulator where the conflict of interest is so acute or extensive that following these options will not allow the trustees to demonstrate that they have acted in the best interests of the charity

All payments or benefits in kind to trustees are reported in the charities accounts and annual report, with amounts for each trustee listed for the year in question.

Where a member of Hugh's House staff is connected to a party involved in the supply of a service or product to the charity, this information will be fully disclosed in the annual report and accounts e.g. rental of property.

Independent external moderation will be used where Conflicts cannot be resolved through the usual procedures.

Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you 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.

Hugh's House charity trustee declaration of interests form

Category	Please give details of the interest and whether it applies to yourself or, where appropriate, a member of your immediate family, connected persons or some other close personal connection
Current employment and any previous employment in which you continue 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 organizations.	
Investments in unlisted companies, partnerships and other forms of business, major shareholdings [charities may set a figure here, e.g. more than 1 % or 5% of issued capital] and beneficial interests.	
Gifts or hospitality offered to you by external bodies and whether this was declined or accepted in the last twelve months.	
Do you use, or care for a user of the organisation's or services?	
Any Contractual relationship with the charity or its subsidiary.	
Any other conflicts that are not covered by the above.	

To the best of my knowledge, the above information is complete and correct. I undertake to update as necessary the information provided, and to review the accuracy of the information on an annual basis. I give my consent for it to be used for the purposes described in the conflicts of interest policy and for no other purpose.

Signed:

Position:

Date:

Hugh's House register of interests for charity trustees

Name of trustee	Description of interest	Does the interest relate to the trustee or a person closely connected to the trustee (describe)? or a person closely	Is the interest current?

Connected person: In broad terms this means family, relatives or business partners of a trustee, as well as businesses in which a trustee has an interest through ownership or influence. The term includes a trustee's spouse or unmarried or civil partner, children, siblings, grandchildren and grandparents, as well as businesses where a trustee or family member holds at least one-fifth of the shareholding or voting rights. If in doubt about whether a person or business is a connected person seek advice from a solicitor or other person qualified to advise on the matter.

Where a charity is either paying a connected person for goods or services, or disposing of land to a connected person, the charities act defines what a connected person is at s188 (for goods and services) and s118 (for land disposals).

Conflict of loyalty: This means a particular type of conflict of interest, in which a trustee's loyalty or duty to another person or organisation could prevent the trustee from making a decision only in the best interests of the charity.

Expenses: This means refunds by a charity of legitimate payments which a trustee has had to meet personally in order to carry out his or her trustee duties. Any reasonable costs that allow trustees to carry out their duties can be classed as legitimate expenses and paid from the charity's funds.

Governing document: This means the legal document setting out a charity's objects and, usually, how it is administered. It may be a trust deed, constitution, articles of association, conveyance, will, Royal Charter, scheme of the Commission or other formal document.

Trustee: this means a charity trustee. Charity trustees are the people who are responsible for the general control of the management of the administration of the charity. In a charity's governing document, they may be collectively called trustees, the board, managing trustees, the management committee, governors or directors, or they may be referred to by some other title.

Trustee benefit: this means any instance where money, or other property, goods or services, which have a monetary value, are received by a trustee from the charity. The law says that trustees cannot receive a benefit from their charity, whether directly or indirectly, unless they have an adequate legal authority to do so. The potential for a trustee to benefit from the charity also creates a conflict of interest which the trustees need to address effectively. The term trustee benefit 'does not' include any payments to trustees which are for their proper out of pocket expenses

User trustee: this means any trustee who makes use, as a beneficiary of the charity, of the equipment, facilities, services or support that are provided as part of the charitable purposes of his or her charity.