

# Lyvennet Community Trust

## Conflicts of Interest Policy

### Introduction

The use of transparent mechanisms to manage conflicts of interest, thereby ensuring probity in trustee actions and decisions, is vital in order to protect both the Lyvennet Community Trust and individuals.

Trustees (along with staff and volunteers) have a legal obligation to act in the best interests of the LCT (hereinafter referred to as the 'Trust'), and in accordance with the Memorandum and Articles of Association. They must not, excepting reimbursement of out of pocket expenses, receive any benefit from the Trust in return for a service provided, unless such benefit is expressly authorised by the Trust's governing document and, potentially, the Charity Commission.

Conflicts of interest may arise where an individual's personal or family interests and/or loyalties conflict with those of the Trust; such conflicts can inhibit free discussion, result in decisions that are not in the Trust's best interests and/or risk the impression that the Trust has acted improperly. In terms of reputation, the latter risk may be the most serious. A conflict of interest which is not managed properly and which leads to a financial benefit to the trustee, may lead to allegations of breach of trust and criminal proceedings.

### Potential Conflicts of Interest

These can arise in many ways and include;

#### Direct financial gain or benefit to a trustee

- Payment to a trustee for services provided to the charity
- Payment for acting as a trustee
- Trustees acting as (paid) Directors of subsidiary trading companies
- Sale of land or property to a trustee
- Use of a trustee's property by the charity

Take a tenancy of any property owned by the Trust

#### Indirect financial gain or benefit to a trustee

This arises most commonly when a close relative of the trustee is employed by the charity (where the trustee could be seen to benefit indirectly from remuneration to that employee). It may also apply for example where a friend or family member of a Trustee wishes to become a tenant of property owned by the Trust or purchase a property in respect of which approval is required from the Trust. In such cases the Trustee should declare his/her interest, abstain from taking any part in the process to be exercised by the Trust and (in addition to the general duties of confidentiality) should not disclose any information which might give any advantage.

## Policy Statement

The Trust Articles of Association clearly state in paragraphs 25 and 49;

***A member shall declare an interest in, and shall not speak or vote in respect of any matter in which s/he/it has a personal, material or financial interest or any matter arising from it and shall withdraw from any meeting where such a matter is discussed.***

The Articles of Association further state;

***For the avoidance of any doubt; as charity trustees all nominated members serving on the Executive Committee are obliged to act in a personal capacity and for the benefit of the charity at all times of undertaking any business and not acting on behalf of any other third party interests including those of the organisations they are appointed to represent.***

Trustees must recognise the importance of ensuring probity, both financial and moral, in all aspects of the Trust's work. This must include ensuring that trustees do not use any involvement they may have in other organisations to influence, whether positively or negatively, any decisions they make about the Trust. It is the trustees' paramount duty to act in the best interests of the Trust at all times.

Trustees will declare, on an annual basis, any organisations of which they are a member, or in which they hold a position of general control, management or influence. This declaration will be required immediately following the Annual General Meeting, and the results will be collated into a Register of Interests which will be available for inspection at all Trust meetings. The Chair will remind trustees about their obligations in respect of potential conflicts of interest at the start of each Trust meeting.

It is the responsibility of individual trustees to make a judgement about whether a connection elsewhere creates a conflict of interest with any given issue on a Trust agenda, and to openly declare the potential conflict of interest if required. This should be done by making the Chair aware of any such issues prior to the start of Trust meetings, and by publicly declaring the possible conflict of interest at the start of the relevant item. It will be up to the Chair to decide whether the trustee should leave the meeting for the duration of the relevant item, or whether he or she should be asked not to take part in any decision on the item.

It is unlikely that passive membership of a cognate organisation would lead to a conflict of interest. Trustees recognise that they are likely to have interests beyond the Trust, and these should not present any issue so long as trustees respect and adhere to their duty to act in the best interests of the Trust whilst representing the organisation.

This policy will be reviewed every three years.

Adopted                      14 September 2021

Signed Chair                David Graham

