

Title	Conflicts of Interest - trustees, co-opted members and the Executive team
Category	Non-clinical
Reference	
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Version control

Version	Date issued	Brief summary of changes
1	19.3.25.	Updated to reflect current ways of working

Purpose of policy

The purpose of this policy is to provide guidance to the trustees, co-opted members and the Executive (Exec) team in the identification and management of conflicts of interest which may affect them and/or St Luke's.

Principles

The principles underpinning this policy are that:

- Trustees have a legal duty to act only in the best interests of St Luke's
- St Luke's expects its paid staff and volunteers to act in the same manner
- Managed correctly, a conflict of interest should not prohibit an individual from joining St Luke's either as a trustee or as an employee
- Our Articles of Association is our governing document and sets out clear directions on how conflicts should be dealt with (extract shown at Appendix 1).

Charity Commission guidance

The Charity Commission gives the following information as guidance:

Conflicts of interest affect charities of all types and sizes. They can lead to decisions that are not in the best interests of the charity, and which are invalid or open to challenge. Conflicts of interest can also damage a charity's reputation or public trust and confidence in charities

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generally. These harmful effects can be prevented where individual trustees can identify conflicts of interest, and the trustee body can act to prevent them from affecting their decision making.

All trustees have a legal duty to act only in the best interests of their charity. The Charity Commission expects them to take appropriate steps in line with this guidance to ensure that they can do this.

The Charity Commission highlights that whilst trustees' personal and professional connections can bring benefits to a charity, and indeed form part of the reason why an individual may be invited to join the trustee body, so too can they give rise to conflicts of interest.

The existence of a conflict of interest does not reflect on the integrity of the individual, so long as it is properly addressed. This policy will support trustees and the Exec team to:

- Identify conflicts of interest
- Prevent conflicts of interest from affecting their decision-making
- Record conflicts of interest.

Conflicts can affect all types of charities. But you must identify and deal with them properly.

Types of conflicts

Financial conflicts

These conflicts happen when a trustee, co-opted member, Exec member, or person or organisation connected to them, could receive financial benefit or something else of value from a trustee decision. They do not include a trustee's expenses.

Financial conflicts for a trustee, co-opted member or Exec member happen if a charity is deciding whether to, for example:

- employ or pay the trustee or co-opted member, or their relative, for some work at your charity, or its trading company
- sell, loan or lease charity assets (land or anything else the charity owns) to the trustee
- buy, borrow or lease charity assets from the trustee
- buy goods from a business owned by the trustee.

It still counts as a conflict, even if the charity would get a good deal for its money.

Loyalty conflicts

These conflicts are not about money or other benefits. They happen when, for other reasons, a trustee, co-opted member or Exec member might not be able to make decisions that are best for the charity. They can happen if the charity's decision involves a person or organisation linked to a trustee, co-opted member or Exec member. For example:

- the trustee/co-opted member's employer
- another charity where they are a trustee/co-opted member
- the organisation that appointed them as a trustee/co-opted member
- their relatives or friends.

There can be a conflict because the trustee, co-opted member or Exec member's responsibility (or loyalty) to the other organisation or person could compete with their responsibility to the charity.

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Conflicts of interest can:

- Inhibit free discussion
- Result in decisions or actions that are not in the interests of St Luke's and could be held to be invalid in certain circumstances
- Create the impression that St Luke's has acted improperly.

Identifying conflicts of interest

Trustees, co-opted members and Exec team members have a personal responsibility to declare conflicts of interest, failure to do so will be a failure to comply with their duty to act in the best interest of St Luke's. This is done at recruitment stage, at each Board and committee meeting and via the Register of Interests register. This register is approved by the Nominations & Remuneration Committee and then ratified by the Board annually.

In between meetings, trustees, co-opted members and Exec team members have the responsibility of declaring any new or revised interests to both the Chair and the Corporate Governance Manager (CRM) as soon as they arise. If a trustee is aware of a conflict of interest affecting another trustee, co-opted member or Exec member which has not been declared they should notify the Chair and CGM.

Transactions with trustees' connected parties

The Board recognises that transactions between trustees', co-opted members' or Exec members' connected parties and St Luke's require careful management, transparency and should be arm's-length or on 'normal commercial terms' (which will differ depending upon the nature of the transactions and the markets in which they operate). However, an absolute prohibition on commercial relationships between trustees', co-opted members' or Exec member's connected parties and St Luke's, would lead to inefficiencies and potentially prevent the recruitment of trustees, co-opted members or Exec members from particular sectors.

Where St Luke's is considering entering into a commercial relationship with a trustee's, co-opted member's or Exec member's connected parties, it must:

- Enter into the agreement at arm's length and on normal commercial terms
- Ensure that it is in the best interest of St Luke's
- Receive prior approval by the Nominations & Remuneration Committee (on behalf of the Board).

If there is an income generation element to the transaction, it is key to observe the Fundraising Code of Practice, set out by the Chartered Institute of Fundraising, and to ensure we have a full Commercial Participation Agreement (CPA) in place, which should be stored on the Fundraising Database, and be managed by the Head of Fundraising.

Decisions taken where a trustee, co-opted member, Exec member has an interest

In the event of the Board or a committee having to decide upon a question in which a trustee, co-opted member or Exec member has an interest, all decisions will be made by a vote. Interested trustees, co-opted member or Exec member may not vote on matters affecting their own interests and will not be counted when deciding whether the meeting is quorate. Interested trustees, co-opted member or Exec member should also remove themselves from any discussions regarding the matter in which they have an interest.

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The minutes of the meeting will record:

- The nature and extent of the conflict
- The trustees affected
- Whether any conflicts were declared in advance
- The outline of the discussion
- Whether anyone withdrew from the discussion
- The actions taken to manage the conflict and how these were satisfactory in the best interests of St Luke's.

Gifts and Hospitality

Trustees, co-opted members and Exec members are prohibited from accepting gifts other than small promotional items (e.g. pens, branded diaries, etc.) offered in the course of their duties as a St Luke's trustee, co-opted member or Exec member. Declined offers of gifts should be declared annually when renewing the declaration of interests. Hospitality received under normal commercial circumstances, for example attendance at events on behalf of St Luke's, is permitted, but should be declared on an annual basis when renewing the declaration of interests. See Appendix 2 for the procedure for trustees, co-opted members and Exec team members accepting hospitality.

Expenses

Trustees and co-opted members may reclaim reasonable expenses incurred in the execution of their role, for example attendance at a training event. This can be done through the CGM. Claims made by the Chair should be signed by the Company Secretary.

Appendix 1

Extract from Articles of Association (Board approved September 2021)

10. CONFLICTS OF INTEREST AND CONFLICTS OF LOYALTY

- 10.1 A Trustee must declare, as soon as possible and at the latest at the beginning of the meeting at which the matter is to be discussed or before the passing of any written resolution of the Trustees relating to the matter, the nature and extent of any interest, direct or indirect, which they have in a proposed transaction or arrangement with the Charity or in any transaction or arrangement entered into by the Charity which has not previously been declared.
- 10.2 Any Trustee who is or becomes a Conflicted Trustee in relation to any matter to be discussed by the Trustees must:
- a) absent themselves from those discussions, unless the Un-conflicted Trustees invite the Conflicted Trustee to remain in order to provide information to assist the Un-conflicted Trustees in their discussions; and
 - b) be absent during any vote and have no vote on the matter whether at a meeting or by written resolution of the Trustees, and shall not be counted in the quorum for that part of the discussion.

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- 10.3 Subject to the provisions of the Companies Act, and provided that they have disclosed to the other Trustees the nature and extent of any interest in accordance with Article 10.1, a Trustee may be an unpaid director or other officer of any undertaking in the same group as the Charity or in which the Charity or any undertaking in the same group as the Charity is otherwise interested. The conditions in Articles 10.1 and 10.2 apply to this authorisation.
- 10.4 If a Conflict arises for a Trustee because of a duty of loyalty owed to another organisation or person and that Conflict is not authorised by virtue of any other provision in the Articles, the Un-conflicted Trustees may authorise that Conflict where the following conditions apply:
- a) the Conflicted Trustee is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other organisation or person;
 - b) the Conflicted Trustee does not vote on any such matter and is not to be counted when considering whether a quorum of Trustees is present at the meeting; and
 - c) the Un-conflicted Trustees consider it is in the interests of the Charity to authorise the Conflict in the circumstances applying.
- 10.5 Any authorisation of a Conflict under Article 10.4:
- a) may (whether at the time of giving the authorisation or subsequently) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - b) may impose upon the Conflicted Trustee such other terms for the purposes of dealing with the Conflict as the Trustees think fit; and
 - c) may provide that, where the Conflicted Trustee obtains, or has obtained (through their involvement in the Conflict and otherwise than through their position as a Trustee) information that is confidential to a third party, they shall not be obliged to disclose that information to the Charity, or to use it in relation to the Charity's affairs where to do so would amount to a breach of that confidence.
- 10.6 Where the Un-conflicted Trustees authorise a Conflict under Article 10.4, the Conflicted Trustee shall be obliged to conduct themselves in accordance with any terms and conditions imposed by the Un-conflicted Trustees in relation to the Conflict.
- 10.7 The Trustees may revoke or vary any authorisation given under Article 10.4 at any time, but this shall not affect anything done by the Conflicted Trustee prior to such revocation or variation in accordance with the terms of such authorisation.

Hospitality procedure

All hospitality accepted by either a trustee or an Exec team member must be declared to the Corporate Governance Manager (CGM), in writing, at invite stage. The CGM will query any unusual or uncertain entries with the Chair for trustees or Chief Executive for Exec team members. The CGM will maintain a log of occurrences (this can be done using the Fundraising database) which will be checked by the Company Secretary every month.

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