

**YHA (England & Wales)
Matlock**

CONFLICTS OF INTEREST POLICY

Policy Statement

1. Conflicts of interest and potential conflicts of interest are subject to legal requirements in both charity and company law. Good governance and the YHA's governance documents both demand a robust policy on conflicts of interest.
2. It is the responsibility of all staff and trustees to ensure that conflicts of interest and potential conflicts of interest are properly identified, prevented from affecting any decisions, and recorded in accordance with this policy.
3. This policy should be widely communicated throughout the YHA and updated whenever relevant law, guidance or experiences of the YHA can better inform the policy.
4. The Company Secretary is responsible for monitoring and enforcing this policy, for maintaining the YHA's Register of Interests, and for providing support and guidance in relation to this policy.

What is a Conflict of Interest?

5. A conflict of interest is any situation in which an individual's personal interests or loyalties could, or could be seen to, prevent that individual from making a decision only in the best interests of the YHA. Relevant interests can arise from a benefit or potential benefit to the individual which may be financial or non-financial, or can relate to a conflict of duties.
6. The issue is not the integrity of the individual concerned and no wrongdoing is implied merely by the existence of a conflict of interest.
7. Interests and duties of persons connected to the individual should be treated as the interests of the individual themselves. Anyone whose interests or duties could be reasonably perceived to affect the relevant individual's ability to make decisions solely in the best interests of the YHA should be treated as a connected person. Examples of connected persons include family members, friends, anyone whose finances are interdependent with the individual, business partners, colleagues and corporate bodies in which the individual has an interest (at least 20% share capital or voting power).
8. Examples of conflicts of interest are given in the case studies provided by the Charity Commission included in Appendix A. These are categorised in line with paragraph 21 of this policy.
9. This policy applies to any actual, perceived or potential conflicts of interest and any reference to a "conflict of interest" should be taken as such. If an individual is ever in doubt as to whether a set of circumstances constitutes a conflict of interest, they should assume a conflict exists and act accordingly.

Disclosing Interests

Declaration of Interest Forms

10. All trustees and members of the Executive Management Team must fill in a Declaration of Interest form (see Appendix B) at the following times:
 - a) Prior to the confirmation of appointment or employment with the YHA
 - b) If anything significant changes following the last completion of the form
 - c) Annually shortly after each Company AGM.
11. Any person who is not required to complete a Declaration of Interest form as standard should nevertheless complete one if they feel they have a conflict of interest.
12. Completed forms should be passed to the Company Secretary who will update the YHA's Register of Interests as appropriate. The information in the Register should always be current and hence will be updated as it changes. The Register will be stored at National Office in accordance with the Data Protection Act 1998.
13. The Register of Interests will be open to scrutiny by trustees and the Executive Management Team unless the Board of Trustees believes reasonably that some or all of the information shall remain confidential to trustees.

Disclosure Generally

14. In addition to completing the forms, individuals should declare any conflicts of interest as and when they arise or become material even where these interests have already been declared on the Register of Interests.
15. Trustees will be reminded on every Board agenda to declare any such interests.
16. In all cases, disclosure should be as full as possible and must include all relevant information. Where third party consent is required to disclose information it should be obtained. Where the third party declines, the individual should disclose as far as possible and in a manner so as to protect the confidentiality of any third party details.
17. Individuals are not required to declare expenses paid to them by YHA for work as a trustee/volunteer or any benefits received as a YHA member/customer.

Managing Conflicts of Interest

18. The YHA will endeavour to ensure that a trustee or a member of the Executive Management Team with a conflict of interest is not provided with information in that capacity which enables him or her to obtain any advantage.
19. Once a conflict of interest has been disclosed, the person with the conflict must take no part in any activities to which the conflict relates until that conflict has been categorised and either authorised or removed in accordance with paragraphs 21 and 22 of this policy.
20. Trustees must comply with any provisions in the YHA's governance documents relating to conflicts of interest.

Authorising and Removing Conflicts of Interest

Categorising Conflicts of Interest

21. Once a conflict has been declared it should be categorised by the trustees who are not conflicted into one of the below categories:
- Category A – minor conflicts with no real danger or appearance of bias or conflict of duty
 - Category B – conflicts which do give rise to a danger or appearance of bias or conflict of duty but do not come within Category C
 - Category C – conflicts which give rise to a danger or appearance of bias or conflict of duty and any of the following apply:
 - a) The conflict is acute and/or extensive so that the trustees cannot (or could be seen to be unable to) make their decisions in the best interests of the YHA
 - b) The conflict would be present in significant or high risk decisions
 - c) The conflict would mean effective decision making of the affected person was regularly undermined
 - d) The conflict relates to inappropriate trustee benefit.
 - Category D – an actual conflict of duty.

Addressing Conflicts of Interest

22. Conflicts of interest will be dealt with according to their categorisation as follows:
- Category A – if the trustees who are not conflicted deem it in the best interests of the YHA, the conflicted person may remain in any relevant meetings but must not vote or exercise decision making power in relation to the matter.
 - Category B – the conflicted person should cease their involvement in the relevant matter and not attend any meetings or be privy to any information regarding the matter.
 - Category C – the nature of the conflict should be considered and one of the following actions should be taken depending on what is in the best interests of the YHA:
 - a) Not pursuing the relevant course of action.
 - b) Pursuing the course of action but in a way that a conflict does not arise. For example, deciding not to consider using a trustee's company to do some work for the YHA.
 - c) Securing the resignation of the conflicted person.
 - d) Proceeding with the decision (whilst excluding the conflicted person from decision making) but only if professional advice and the consent of the Charity Commission has been sought.
 - Category D – the trustees who are not conflicted will need to consider the circumstances and the nature of the conflicting duty and decide how to proceed in the best interests of the YHA. It is often not sufficient merely for the conflicted trustee to cease their involvement in a matter – for example, they may have been exposed to information which they have a duty to disclose to another party. In this case, the conflicted person would need to obtain consent from the other party to be relieved from that obligation.

23. Where the conflict has arisen due to an actual or potential direct financial benefit or interest arising from the YHA to a trustee, appropriate authorisation must be sought. In addition to any potential authorisation contained in the YHA's governing document, explicit authorisation will usually be required from the Charity Commission.

Recording Conflicts of Interest

24. In each case of a conflict of interest being declared, the following information will be recorded and retained by the YHA (usually through retention of the relevant trustee meeting minutes) in accordance with the Data Protection Act 1998:
- The nature of the conflict
 - Which persons were affected
 - Whether any conflicts of interest were declared in advance
 - An outline of the discussion
 - Whether anyone withdrew from the discussion
 - How the trustees took the decision in the best interests of the YHA.

APPENDIX A

CONFLICT OF INTERESTS – CASE STUDIES

Example 1 – Category A

A charity gives grants to organisations carrying out medical research. The charity is considering giving a small grant to Company X, which is proposing to carry out a medical research project. A trustee, in their previous role, worked as a director of a pharmaceutical company. During their time in that role, they received a gift worth £100 from Company X who they worked with on a project.

A conflict exists, as the trustee *could* be regarded to be biased towards Company X, having recently worked in tandem with them and having received a small gift. Accordingly, the interest should be declared.

In reality, there is little danger of any real or apparent bias, however, and so the interest will likely be categorised within Category A. The conflicted trustee can remain involved in the relevant matter/meeting but should not vote on whether to give the grant to Company X.

Example 2 – Category B

A charity provides exercise classes for elderly people across the county they operate in. In order to provide the classes, it rents out premises. The trustees of the charity are considering entering into a contract whereby they would rent out a village hall once a week for six months. The son of one of the trustees sits on the village hall committee.

In this scenario, it is possible that the trustee's judgement could be affected as their son is affiliated with the village hall. For example, they might have a positively biased view of the hall and consider paying a higher price for the premises than would be objectively justified. Another possibility would be that the committee has a target to hit with regard to how much time they rent out the hall for per month – in this case, the trustee may want their son to hit the target and so this factor could affect their judgement, rather than them making the decision solely in the best interests of the charity.

Regardless of whether the above is true, the fact that it could be perceived that the trustee's judgement was affected is enough to mean a conflict of interest has arisen.

Accordingly, the trustee should declare the conflict and the other trustees should categorise it, taking into account all the relevant circumstances and considerations. In this case it is likely that the conflict would be categorised as Category B and the trustee should have no more involvement in the matter.

Example 3 – Category C

A charity providing sporting opportunities to disabled people is looking to purchase specially fitted out premises to turn into a sports hall. It has been in discussion with the owners of the premises for some time and is close to finalising the arrangements. The charity does not currently own any comparable premises and the deal, if it goes through, will be financed by a substantial percentage of their retained capital and annual income. A company emerges as another possible buyer of the premises and makes a competing offer to the owner. A trustee's civil partner is managing director of the company.

A conflict undoubtedly exists, as the trustee's judgement could be affected by the fact that their civil partner's company is also trying to buy the premises. Additionally, the conflict is a

serious one, as it relates to a significant matter for the charity, taking into account the potential purchase's impact on the charity fulfilling its objects and the size of the transaction.

The action to be taken by the trustees will depend on all the surrounding circumstances. If the particular trustee is a key member of the Board and there is a reasonable alternative to the premises available, it may be possible for the charity to take an alternate course of action thereby avoiding the conflict. However, as so much time has been invested in the project, they may want to continue with the purchase if they can. To do so, they would need to exclude the conflicted trustee from all relevant activity, seek professional advice and the consent of the Charity Commission.

Example 4 – Category C/D

A charity provides care home services in the south of England. A business providing care homes in the rest of the country is looking to expand into the south of England. As part of its expansion programme, it is employing persons with relevant connections and experience. A trustee of the charity is headhunted and accepts a post as a senior executive of the business.

This is a clear case of a serious and fundamental conflict of interests and conflict of duty. The business will be competing with the charity for contracts and the trustee will have competing duties to each the charity and the business.

This is case where the trustee would need to resign as their decision making would be regularly and fundamentally undermined.

Source : Charity Commission

APPENDIX B

DECLARATION OF INTERESTS FORM

All Trustees and members of the Executive Management Team are required to complete a Declaration of Interests form at the following times:

- a) Prior to the confirmation of appointment or employment with the YHA
- b) If anything significant changes following the last completion of the form
- c) Annually shortly after each Company AGM.

Before completing the form it is important that you read the Conflict of Interests Policy and especially paragraphs 1 to 17.

NOTE: In completing the form, you should note that:

- "N/A" should be entered against any category for which you have nothing to declare
- You are not required to declare interests that cannot reasonably be regarded as likely to give rise to a conflict
- You needn't include interests of inconsequential or little measurable value
- You do not need to declare expenses paid to you by YHA for work as a trustee/volunteer or any benefits you receive as a YHA member/customer.

If in any doubt, it is best to make a declaration.

I, a trustee/member of staff of YHA (England & Wales) have set out below my business and personal interests which conflict or might conflict or might be perceived to conflict with the interests of the YHA.

Category of Interest	<i>Please give details of the interests, relationships, involvements and duties and whether they apply to yourself or to a member of your immediate family or some other close personal, business or financial relationship or connection (a connected person).</i>
Current business, activity, employment, volunteer work or professional activity and any previous activity in which you continue to have an interest.	

<p>Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority roles, memberships, tribunals etc.</p>	
<p>Memberships of any professional or other bodies, groups, political parties or other organisations.</p>	
<p>Investments in companies, partnerships and other forms of business, or beneficial interests in trusts unless you have less than 1% of issued share capital.</p>	
<p>Gifts or hospitality or other inducements offered to you by external bodies and whether this was declined or accepted in the last twelve months.</p>	
<p>Any use by you of the services of the YHA or any body funded by the YHA?</p>	

<p>Any transactions or contractual relationships with the YHA (or its subsidiary, or any other organisation within the same group, or any of its funders, contractors, staff or advisors)?</p>	
<p>Any other potential conflicts of interest or duty that are not covered by the above</p>	

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 at least 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: