

# UNICEF UK Trustee Conflict of Interest Policy

## Introduction

Conflicts of interest, and potential conflicts, are the subject of legal requirements in both Charity and Company law, both of which are binding on Trustees of UNICEF UK. Under Charity law and our governing document, trustees cannot receive any benefit (broadly defined) directly or indirectly in return for their services or otherwise unless explicitly authorised. Under Company law, Directors are required to declare any interest in contracts or proposed contracts and are not permitted to purchase property or take loans from the company. These legal requirements are further developed through guidance from the Charity Commissioners. Other standard-setting bodies have defined rules and procedures which may be relevant, eg the Committee on Standards in Public Life, which has stated that office-holders should declare any private interests relating to their public duties. Any complaint relating to conflict of interest can be the basis for enquiries by the Commissioners and could lead to the involvement of police, the repayment of any moneys or the decision being declared invalid, and could damage the reputation of UNICEF UK and of any Trustee involved. The adoption of a formal policy and procedures has been recommended by legal advisors and would conform with best practice in the voluntary sector, helping to protect UNICEF UK against any risks which may arise to its reputation for integrity and propriety, whilst also protecting Trustees in the event that any questions may arise.

Such a policy needs to provide for the establishment of procedures for actual or potential conflicts to be declared and recorded, needs to define the scope of such declarations, and procedures for the management of any potential conflicts which may arise, and needs to address issues of transparency of both the policy and the declaration of interests consistent with Data Protection principles.

## **1. Declaration of Interests**

The present policy relates to interest issues affecting Trustees and officers (including the President) of UNICEF UK who are in decision-making or influential roles. However, the Board needs also to be aware of, and to consider, the potential for conflicts relating to other office holders, staff and volunteers, eg Vice Presidents, Ambassadors and others. It is not proposed that these individuals be requested to complete a Declaration of Interest, but the Chair may write to them requesting them to be aware of the issue and to mention any potential conflicts which may arise.

There are five occasions when it is recommended that potential conflicts be declared via the relevant form:

- a) *pre-selection*: any prospective Trustee should be requested to complete a Declaration of Interests form prior to confirmation of appointment in order that any relevant issues, may be taken into account in confirming their appointment. This would be confidential and would be erased from the record if the prospective Trustee were in the end not to become a Trustee.
- b) *on arrival*: every new Trustee should complete a Declaration (or amend the above declaration) at the time of appointment if this is not at the time of the annual declaration. This information, and any subsequent updates (see below) would be held confidentially by Unicef UK. It would necessarily be made available to fellow Trustees and Directors in order that relevant matters could be taken into account for the avoidance of conflicts of interest, but would otherwise be released only with the permission of the relevant Trustee or Officer.
- c) *annually* after each AGM and prior to the first subsequent Board meeting
- d) *when anything significant changes*: new matters should not await an annual declaration before being notified
- e) *verbally at any meeting* where specific relevant conflicts may arise

The Declaration should also include a reaffirmation of each trustee's commitment to the ACEVO Code of Conduct for Trustees (and as may be amended from time to time).

Forms, and subsequent declarations should be addressed to the Executive Director in his capacity as Company Secretary and would be held in the Executive Director's office under the conditions of confidentiality described in this policy.

## **2. What type of interest needs to be declared**

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, and those of the charity arise simultaneously or appear to clash". The Commission guidance goes on to note that "the issue is not the integrity of the trustee concerned, but the management of any potential to profit from a person's position as trustee, or for a trustee to be influenced by conflicting loyalties. Even the appearance of a conflict of interest can damage the charity's reputation, so conflicts need to be managed carefully".

Relevant interests may be financial or non-financial; direct or indirect.

Direct financial benefits or interests include for example employment of the trustee by the Charity, as employee, consultant or advisor, or the situation where a company of which the Trustee is a director or shareholder may be considered for a contract by the Charity. Other matters of financial interest include the sale of land or the use of the Trustee's property by the charity, or granting of loans by the Trustee to the charity. Conflicts of interest in such cases are particularly serious and any financial benefit requires authorisation, usually by the Commission. Such matters will generally be considered relevant conflicts of interest even if a Trustee resigns prior to seeking such a contract or employment.

Indirect financial interests may arise where such potential financial benefits accrue to a close member of the trustee's family, or even a friend, business partner or colleague, where their finances are interdependent (eg joint bank accounts, mortgages or property held in joint names, one party financially dependent on the other, employer/employee/contractual relationship) or where it could otherwise be perceived that such benefits could lead to a conflict of interest, ie by influencing the Trustee's decisions other than in the best interest of the Charity. The Guidance Notes will include illustrative examples to assist Trustees in determining which interests need to be declared. However, it is the responsibility of the Trustee or Officer to determine whether they feel a matter relating to a third party represents a potential conflict of interest and should therefore be declared. Some personal information about third parties can only be held with their agreement. Generally the limited information needed to declare a potential conflict will not require such consent. If consent was needed it would be the responsibility of the trustee or Officer providing the information to ensure that this consent is given. Should a third party decline to consent, then it is the responsibility of the Trustee or Officer to ensure that a conflict is declared (even if without a prior written declaration) should any potential conflict of interest arise. Any written declaration where data is held in relation to a third party would be dealt with in a manner consistent with Data Protection legislation.

Non financial interests, direct or indirect, may arise where the trustee is also a user of the Charity's services, particularly if the Trustee is benefiting from those services in a manner which is exceptional. There are also issues associated with "conflict of loyalties" where another appointment or employment or association (of the Trustee or of a relative or friend) may be felt to influence the decisions of the Trustee in directions which may not be in the best interest of UNICEF UK. In particular, in this context, it is expected that other charity roles, as Trustee or employee or through other significant relationships, should be declared.

In the case of UNICEF UK, declarations should also be made in respect of any connections, roles or benefits arising within UNICEF as an inter-governmental organisation or other UNICEF National Committees or any body funded or controlled by UNICEF.

Ultimately, it is not possible to define all the circumstances which may lead to a potential Conflict of Interest. It is therefore the responsibility of each individual trustee to declare any matters which they feel may present actual or potential conflicts, or the perception of such conflicts. In exercising their

judgement about which matters to declare, Trustees may seek the advice of the Chair of Trustees, who may consult the executive director and seek legal advice as appropriate. If in doubt about any matter, it is always better to make a declaration.

It is not necessary to declare benefits from the charity which are available to all (eg the provision of information on the work of the Charity), or which are inconsequential (of such limited value as to be unlikely to influence the decisions of the Trustee), or which are recognised by this policy as legitimate, ie payment of relevant and reasonable out-of-pocket expenses incurred during the performance of the role of Trustee.

The Declaration of Interests Form lists the categories of matter which should be declared in advance in case they may become sources of potential conflict of interest. These categories should also be declared for financially interdependent relatives or associates, as indicated above. The results should be compiled into a Register of Interests along the lines of the ICSA Model register of Interests. The Register as a whole would generally be available only to Trustees, Officers and Directors of UNICEF UK and, where necessary and appropriate, to regulatory advisory bodies and UNICEF international.

If it could be perceived that a matter could lead to a conflict of interest, the following matters need to be declared whether included in the form or not:

- all significant sources of income for the trustee;
- all significant business interests including property holdings;
- membership or board positions in other bodies;
- other employment, voluntary work and/or trusteeships;
- significant participation in any form of campaigning or political body;
- details of any relationship with any staff or potential staff members suppliers of services or funders or other trustees
- details of any relationships with any third party with whom you deal on a regular basis.

These declarations would need to be expressed in such terms, and contain sufficient information to enable Trustees to determine whether a conflict is likely to occur in any particular instance, eg actual levels of income are not necessary but the name of the company or organisation which is a source of income would need to be declared.

### **3. Procedures in the event of a conflict**

In the event of a declaration of a matter of material financial benefit or interest arising from the charity itself, authorisation must be sought for this benefit to be provided by the charity. Such authorisation may arise from guidance approved by the Charity in its Constitution or approved policy (eg the UNICEF UK policy on payment of Trustees), but it is likely also to require the explicit authorisation of the Charity Commission. In the event that such an interest is fundamental and regular, the Trustee should consider whether it is consistent with the best interest of UNICEF UK that they continue as a Trustee.

In the case of indirect or non-financial benefits, or where there may be a perception of impropriety, or where a financial benefit has been authorised, a declaration of interest should also be made at the start of any meeting of Trustees at which relevant matters are on the agenda, and the Trustee should offer to withdraw from any discussion or decision-making in respect of any matter in which a conflict of interest may arise. The minutes of the meeting should record any such declaration and the action taken in response.

Should any Trustee become aware of any potential undeclared conflict of interest it is his or her duty to inform the Chair in the first instance and, if they do not feel the matter is being addressed to raise it at a Trustees meeting. If they feel it has still not been addressed they may seek guidance from the Charity Commission. They should generally notify the Chair before doing so.

#### **4. Transparency**

All relevant declarations and actions should be recorded in the minutes of relevant meetings, which are generally available on request.

In addition, the Charity Commission recommends that Trustees give serious consideration to the publication (eg on the Charity's website) of the Conflict of Interest Policy. The Register of Interests itself would not be published and would be confidential to the immediate "need to know" group of Trustees, Officers and Directors. Individual items from the register would be made available only to third parties where they are a data subject, or to others with the written consent of the relevant Trustee or Officer.

It is a legal requirement that the Charity's Annual report and Accounts must include disclosure of any properly authorised payments or financial benefits to Trustees.