



Draft - Code of Conduct for the Declaration of Interests and Loyalties

This code says how we will comply with good practice on this, and interpret our Rules (see the Appendix below). To be reviewed every 12 months.

Directors (also as Trustees) of Lune Valley Community Land Trust take seriously their statutory obligations:

- To protect and promote LVCLT's reputation
- To take decisions and actions based on ethical standards
- To identify, understand and manage conflicts of interest
- To ensure that decisions are made independently of outside interests

Directors recognise that interests will exist: they are not problems in themselves, but they need to be transparently managed. So in order to protect the integrity of LVCLT's decision making, to enable our stakeholders to have confidence in our integrity, and to protect the reputation of our members, directors shall implement the following recommended good practice [based on guidance for small organisations¹] in their day-to-day working:

1. Create a register of directors' interests where, upon appointment, directors list any of their own personal, business or financial relationship which could be seen to give rise to a conflict of interest or loyalty. This declaration will be in LVCLT's Register of Interests, which is publicly accessible on the website.
2. Ask at the beginning of all meetings whether anyone has a conflict of interest or loyalty to declare, relating to anything on the agenda. Record these in the minutes.
3. Keep and work to an up to date 'conflict of interest or loyalty' code, describing what interests to declare, what actions to take when conflicts of interests arise and what records to keep. (This is the first version of that code).

Types of conflict of interest

A director shall declare a conflict of interest or loyalty, in any situation where any of the following may influence or appear to influence a director's decision:

- a) When a director is paid by LVCLT for services they provide (except expenses). This is often called a pecuniary interest. (it may arise if a Director also has an expertise that the company wishes to hire);
- b) When a payment is made by LVCLT to another organisation that a director also has an interest in. (For example any arrangement for an LVCLT payment to be made to Halton Senior Cohousing, if a director of LCH is also a director of Halton Senior Cohousing);
- c) When a contract or other business arrangement is entered into by LVCLT with an organisation that a director works for, or has an interest in; or when such an organisation's action can assist or hinder LVCLT's business. (For example, entering into a

¹ See: Good Governance: A Code for the Voluntary and Community Sector, Version for Small Organisations. ACEVO and others, Nov 2011. See: <https://kinwahlin.wordpress.com/2011/11/02/good-governance-a-code-for-the-voluntary-and-community-sector-smaller-organisation-version-acevo-association-of-chief-executives-of-voluntary-organisations-1-november-2011/> There is a new version which I have not tried to review: <https://www.acevo.org.uk/2017/07/launch-new-charity-governance-code/>

- contract or business arrangement with MORE or Halton Lune Hydro or Lancaster Cohousing or the Parish Council; where a director of LCH is also a director of the other organisation or has some other influential connection with it);
- d) When the LVCLT director is also on the board of another organisation competing for the same funds. (For example, if Halton Senior Cohousing is seeking funding from the same LCC funds as LVCLT);
- e) Where the LVCLT director has responsibilities or loyalty to another person, which may influence the director's decision-making on any of the example above. (This applies to close personal relations – 'Connected Persons' - such as spouse or partner, child, sibling, parent).

Managing conflicts of interest or loyalty

When a conflict of interest or loyalty has been declared, the Chair will discuss and agree how to proceed with those directors present who do not have a conflict, seeking a 'common sense' approach:

- In the case of a direct financial interest or contract, usually this will follow Rule 98, and the director concerned will be asked to leave both the discussion and the decision-making;
- In other cases, the default approach will be to allow whoever declares the conflict (notwithstanding Rules 98 and 99) to remain present and take part in discussion; but not to take part in the decision-making;
- Should any of those not having a conflict think nevertheless, that it is not in the interest of independent decision making for the person who has declared an interest to remain in the room, then this shall be put for a decision by the meeting, through the Chair.
- These processes will be recorded in the minutes.

Register of Conflicts of Interest

The interests to register are those which are listed in the types of interest section above, except (e); see the register form as the framework for doing this.

The register's role is to help all to understand, by transparency, *in advance* where conflicts may arise, and plan to manage them. It shall be completed by new Directors immediately, and shall be reviewed, and if necessary updated, every 12 months (or whenever new information arises) by being a standard Board agenda item, once a year. :

Having a conflict registered does not alter a director's requirement to declare *any* conflict of interest, or conflict of loyalty [i.e including type (e) above to a Connected Person, in any meeting in which it occurs.

Charles Ainger, Chair, following Board agreement 19/9/19

Appendix – Extracts from LVCLT's Rules

See next page.

CONFLICTS OF INTERESTS AND CONFLICTS OF LOYALTIES

Declaring Conflicts of Interest

98. A Director must declare the nature and extent of any interest, direct or indirect, which s/he has in a proposed transaction or arrangement with the Society or in any transaction or arrangement entered into by the Society which has not previously been declared. A Director must absent him/herself from any discussions of the Board in which it is possible that a conflict will arise between his/her duty to act solely in the interests of the Society and any personal interest (including but not limited to any personal financial interest).

Authorising Conflicts of Interest

99. If a conflict of interest arises for a Director because of a duty of loyalty owed to another Person (and for the purposes of this rule only refers to such a conflict which does not involve a direct or indirect benefit of any nature to a Director or to a Connected Person), the unconflicted Directors may authorise such a conflict of interest where the following conditions apply:
- (a) The conflicted Director is absent from the part of the meeting at which there is discussion of any arrangement or transaction affecting that other Person;
 - (b) The conflicted Director does not vote on any such matter and is not counted when considering whether a quorum of Directors is present at the meeting; and
 - (c) The unconflicted Directors consider it is in the best interests of the Society to authorise the conflict of interest in the circumstances applying.
100. A Director who is a Member of the Society is permitted to be part of the quorum, speak and vote at any Directors' meeting on any matter to do with interest on shares, provided that they declare an interest on that agenda item and the Conflicts of Interest and Conflicts of Loyalties provisions in these Rules shall not apply.