

LSDN Conflict of Interest Policy	
Procedure No:	HR145
Management Area:	Human Resource
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First Issue Date:	August 2016
Latest Issue Date:	June 2025
Current Version Number:	6
Most Recent Review Date:	June 2025
Reviewed By:	Anerie Huisamen
Next Review Date:	June 2026
CEO Sign-off	June 2025

LSDN MISSION STATEMENT
LSDN's mission is to enhance the life chances, economic independence and social mobility opportunities of its service users by helping individuals to develop vocational, academic and life skills using a supportive and individualistic approach so service users can realise their fullest potential at home, in the workplace and in the community. LSDN works in partnership with its clients and local community to bring about the best possible results for each individual and their families.

Introduction	London Skills & Development Network (LSDN) is a non-for-profit Social Enterprise in the field of education and training services. As well as managing and delivering a range of education and training programmes, LSDN also offers a range of consultancy and capacity building support services to the education and training sector. LSDN is in the top 2% Training Providers for Learner satisfaction (National FE Choices Survey).
Purpose	The purpose of this policy is to protect the integrity of the organisation's decision-making process, to enable our stakeholders to have confidence in our integrity, and to protect the integrity and reputation of volunteers, staff

	and committee members. It sets out what should happen should a conflict of interest be identified.
Scope	Applies to all staff, volunteers, contractors and Governors of London Skills & Development Network (LSDN).
Management Responsibility	CEO
Overview	All staff, volunteers, Contractors and Governors of LSDN will strive to avoid any conflict of interest between the interests of the organisation on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.
Examples of conflicts of interest include:	1 A Governor, manager or staff member who is also a user and who must decide whether fees from users should be increased. 2 A Governor, manager or staff member who is related to a member of staff and there is decision to be taken on staff pay and/or conditions. 3 A Governor, manager or staff who is also on the committee of another organisation that is competing for the same funding. 4 A Governor, manager, volunteer or staff member who has shares in a business that may be awarded a contract to do work or provide services for the organisation. 5 A teacher who is related to, or is a friend, colleague, manager or employer of a learner, teaching and assessing a learner. 6 A member of staff undertaking a qualification which is being delivered, assessed and internally quality assured by other members of staff employed by LSDN.

	Upon appointment all employees, contractors, Governors and volunteers will make a full, written disclosure of interests, such as relationships, and posts held, that could potentially result in a conflict of interest. This written disclosure will be kept on file and will be updated annually or as appropriate. In the course of meetings or activities, Governors, managers, contractors, volunteers and staff members will disclose any interests in a transaction or decision where there may be a conflict between the organisations' best interests and the individual's best interests or a conflict between the best interests of two organisations that the Governor, contractor, manager, volunteer or member of staff is involved with. If in doubt, the potential conflict must be declared anyway and clarification sought. In the case of a conflict of interest arising for a Governor, contractor, manager or member of staff because of a duty of loyalty owed to another organisation or person and the conflict is not authorised by virtue of any other provision in the memorandum or the articles, and all other potential conflicts of interest, the advice of a legal representative and/or appropriate statutory agency will be sought and the advice recorded in the minutes. All steps taken to follow the advice will be recorded. Where a member of staff teaching, assessing or internally quality assuring a qualification is related to or known to a learner, in general, the learner would be placed with a different teacher or a different assessor or internal quality assurer will mark and check the work. If this is not possible, additional scrutiny of the learner's work would take place. 100% sample of the work would be completed by the internal quality assurer and, where the conflict of interest is with the IQA, the IQA records would be checked by the Curriculum Delivery Manager or Quality Lead. Details of the conflict of interest would be logged with the
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	Education Administration Manager and made available to the awarding organisation on request. Where a member of staff is undertaking a qualification which would be delivered, assessed or internally quality assured by members of the LSDN team, the work would be subject to 100% internal quality assurance sample and the IQA would be checked by the Curriculum Delivery Manager or Quality Lead. Alternatively, an independent IQA would be used. The awarding organisation must be made aware that members of staff are completing the qualification prior to the start of the course. Once approval is given by the awarding organisation, details of the conflict of interest will be logged with the Education Administration Manager and made available to the awarding organisation on request. For EAL qualifications, the conflict and outcomes must be recorded on Smarter Touch under centre notes>staff tabs All Conflicts of Interest must be disclosed using the form at Appendix A and submitted to the Finance Director. This policy is meant to supplement good judgment, and staff, volunteers, contractors and Governors should respect its spirit as well as its wording.
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Appendix A – Conflict of Interest Guidance

What is a conflict of interest?

A conflict of interest can be defined as:

“...any situation in which an individual’s personal interests or responsibilities they owe to another body, may, or may appear to influence the individual’s decision making.”

Conflicts of interest arise when the interests of employees, or “connected persons”, are incompatible or in competition with the interests of the organisation. Such situations present a risk that employees will make decisions based on these external influences, rather than the best interests of the organisation.

A “connected” person is defined as:

- a) child, parent, grandchild, grandparent, brother or sister;
- b) spouse or civil partner of employee, or of (a) above;
- c) business partner of employee or (a) or (b);
- d) institution controlled i) by employee or (a), (b), or (c) above or ii) by two or more persons falling within i) when taken together;
- e) a body corporate which i) the employee or connected person in (a) to (c) has a substantial interest or, ii) two or more persons falling within i) when taken together have a substantial interest.

The most common types of conflict include:

- direct financial interest - when an employee obtains a direct financial benefit, for example:
 - the award of a contract or assignment to a company with which an employee is involved
 - the sale of property, equipment, or other assets at below market value to an employee
- indirect financial interest - this arises when a close relative of an employee benefits from the organisation, for example:
 - the awarding of a contract to an employee’s family member
- non-financial or personal conflicts – occur where employees receive no financial benefit, but are influenced by external factors, such as:

- influencing decisions on service provision to their own advantage, perhaps because they use the organisation's service themselves or care for someone who does
- to gain some other intangible benefit or kudos
- awarding contracts to friends
- conflicts of loyalties - employees may have competing loyalties between the organisation to which they owe a primary duty and some other person or entity.

It is, therefore, essential that all employees are fully aware that they must act in the best interests of the organisation alone.

The interests of the beneficiaries (service users) and those of the organisation will - for the most part - be consistent or complementary, but on the occasions where a conflict does arise, the responsibility of all employees is to the organisation. This includes any access that employees may gain to confidential or privileged information by virtue of their role. All employees should remain alert to the fact that whatever information they acquire in their role should remain confidential and not be used to the advantage of themselves, any external individual, or entity.

Occasionally there may be cases where an apparent conflict is actually in the organisation's best interests. While employees may well act with integrity, the mere appearance of a conflict can be damaging to both the organisation and its employees, so conflicts need to be managed effectively.

Where an organisation operates a code of conduct for employees, it is essential that the document is consistent with and supports the conflicts of interest policy and vice versa.

Identifying potential conflicts of interest

A key means of preventing conflicts of interest from affecting decision-making is to identify potential conflicts in advance. This gives time to consider the implications and to respond appropriately. To ensure that the organisation remain in an optimal position to manage any real or perceived conflict, it should be standard practice to ask for any such declarations at the start of employment and on a regular basis thereafter.

Employees should be directed to report potential conflicts at any time that these may arise.

By asking employees to declare their interests and keeping a register of such interests, organisations can monitor potential conflicts of interests on a continuous basis. A policy on the management of conflicts of interest will inform employees and interested parties how any conflict will be dealt with and provide a framework for leadership decision-making when conflicts do arise. It is important that there is a regular review of conflicts of interest as circumstances can change.

Managing conflicts

Employees have a multiplicity of interests, personal, domestic and professional that may, on occasion, compete with those of the organisation. It is almost impossible to avoid conflicts altogether, particularly in the context of organisations seeking to appoint trustees, governors and senior staff with skills and experience of the wider community.

If conflicts cannot be avoided, they need to be managed effectively by having in place a policy relating to conflicts of interest and implementing it consistently and transparently.

Declaration of interests

Potential and new employees should be informed that they will be expected to declare their interests on appointment and subsequently, when they arise. They should also be provided with a copy of the conflicts of interest policy, preferably before appointment. If the potential employee is concerned about a possible conflict of interest, they should view the policy and discuss the matter with the HR and Finance Director before agreeing to take up the position.

On appointment, employees should be asked to complete a declaration of interests. New employees may be uncertain as to what comes under this heading (in which case they should consult the HR and Finance Director), but as they gain more experience within the organisation, their understanding of exactly what constitutes a potential conflict will develop. The declaration of interests needs to be updated whenever any material changes occur and reviewed on a regular basis – at least annually.

When asking employees to complete a declaration of interests, the following areas should be considered:

- other employment (including self-employment)

- any previous employment in which the employee still has a personal, financial, or other, interest
- any other appointments (voluntary or otherwise) e.g., trusteeships, directorships, local authority membership, tribunals
- professional and organisational membership
- membership of any special interest groups
- investments in unlisted companies, partnerships and other forms of business
- any shareholdings and beneficial interests
- gifts or hospitality offered to the employee by external bodies and whether this was declined or accepted
- family connections where relevant, such as the employee's spouse/partner working for a similar organisation or funder
- using, or caring for a user of, the organisation's services
- any contractual relationship with a connected person of an employee.

All charities and not-for-profit organisations are accountable to a range of stakeholders and should consider conflicts of interest carefully. Organisations working in sensitive areas, involved with large sums of money, or subject to a high level of scrutiny, may need to be extra vigilant. Organisations will need to find a balance between accountability and unwarranted intrusion into the affairs of their employees.

Register of interests

The completed declarations should be returned to the Finance and HR Director, who will be responsible for keeping the register of interests up to date. The register of interests will be kept as a confidential document.

When a conflict of interest does arise, it is the responsibility of the employee in question to declare such a conflict to their employer. If he or she fails to do so, the employer may take disciplinary or legal action as appropriate.

Dangers of conflicts of interest

If employees allow factors such as other external interests to influence their decision-making, they may make decisions that are not in the organisation's best interest. This could be costly to them and damage the work and reputation of the organisation. The most common dangers arising out of a conflict of interest are:

- poor decision-making
- unfair, biased or inappropriate actions
- legal challenge

- loss of trust within the organisation
- reputational damage

Governance

Within the board itself, poorly managed conflicts of interest will harm working relationships, adversely affecting free discussion. Where a governor/trustee is known to have an interest in a decision, the remaining governors/trustees may feel under pressure, whether express, implied or simply imagined, to decide in the interests of their fellow governor/trustee. Alternatively, they may resent the interest of the other governor/trustee and vote against it, even when following the governor/trustee's interest may be the best course of action for the organisation. In both cases, the governors/trustees' primary consideration has been a governor/trustee's interest, not that of the organisation. Developing and applying a conflicts of interest policy is therefore key to managing such conflicts in an open and transparent manner.

Even where the governing board is able to make decisions free of these emotional influences, they may feel uncomfortable speaking against the governor/trustee's interests in a governor/trustee meeting or lose confidence in the ability of the governor/trustee in question to make decisions free of external influence. Such problems may undermine the governor/trustee board's ability to function effectively as a decision-making group.

Where the governor/trustee board is presented with a conflict of interest, the interest should be declared, and the governor/trustee(s) involved should remove themselves from the discussion. The conflict and action taken to manage it should be recorded in the minutes. Where the governor/trustee has withdrawn from the meeting, steps should be taken to ensure that any details of the discussion relating to the conflict of interest are not divulged. This could be done via the use of printing sensitive items on separate, different coloured paper and circulated only to those governors/trustees free from the conflict. This should enable the conflicted governor/trustee to continue to exercise their responsibility in all other aspects of the governor/trustees' duties by receiving minutes of meetings, without gaining access to information relating to the conflict.

Adverse publicity

Even where governors/trustees have acted in the best interests of the organisation, those outside the governor/trustee board may gain an impression, or mere suspicion, that the governor/trustee acted in their own

interest. Accurate or otherwise, such an impression could damage the reputation of the organisation and the involved governor/trustee.

Such publicity may be so adverse that it demands a response from the organisation, for example because of interest from the media, a funder or regulator. The organisation will then need to invest time and energy in justifying its actions and defending its reputation, deflecting resources and attention from its objectives.

Company law requirements

Company Directors will be subject to the provisions of the Companies Act 2006 in relation to conflicts of interest and how they are managed. Specifically, directors have a duty to:

- exercise independent judgment
- avoid conflicts of interest
- not to accept benefits from third parties
- declare any interest in a proposed transaction or arrangement
- declare any interest in an existing transaction or arrangement.

s. 175 Companies Act 2006 provides directors with the power to authorise certain conflicts of interests by provisions in the articles of association. Any company wishing to take advantage of such a power will need to give due regard to what types of conflict it should cover. Any amendment to the articles that permits the directors, members or connected persons to benefit from the organisation is a 'regulated alteration' and would require the prior approval of the Charity Commission or other regulator, as appropriate.

If the board of a charitable company exceeds its constitutional powers in entering into a transaction with a director/trustee (or someone connected to a director/trustee), the transaction may be declared void. Where a director fails to declare an interest in a proposed transaction, the director may be liable to a fine. The directors/trustees involved in the transaction, including those who authorised it, may be required to return any gains to the company or to make good any losses incurred.

Company legislation imposes limitations and prohibitions on certain conflicts of interest. ss. 190 to 196 of the Companies Act 2006 limit substantial property transactions between companies and their directors and people connected with the directors:

- if the value is greater than £5000 or 10% of the company's net assets;
or

- the total value of the property is greater than £100,000 the transaction requires the prior approval of the membership by a resolution in a general meeting.

Under ss. 197 – 223 of the Companies Act 2006, companies are prohibited from:

- making loans or giving similar financial assistance to directors; and
- giving guarantees or other forms of security in order to enable a director to obtain a loan.

The prohibition does not apply to advance payment of reasonable out-of-pocket expenses that directors/trustees incur in the course of their work on behalf of the organisation.

Rationale and importance of a policy on conflicts of interest

Conflicts of interest cannot be avoided altogether, so organisations should develop a policy to manage them effectively, when they arise. The existence and application of a conflicts of interest policy will serve as a means of demonstrating good practice and governance under external scrutiny. A well-written and properly implemented policy will support organisations and employees in establishing that they have acted in the organisation's best interest.

Data protection

The information held on a register of interests is subject to the provisions of the Data Protection Act 2018 also known as General Data Protection Regulation (GDPR). Certain conditions must be met in order to establish that personal data has been processed fairly and lawfully. These conditions should not prove too onerous providing the employees and governors are told:

- who is controlling the data
- why the information is being processed
- how often records will be updated and:
- the individual has consented to the processing and that the processing is necessary for the performance of a contract or agreement with the individual
- it is necessary to carry out public functions or to pursue the legitimate interests of the data controller without prejudice to the interests of the individual.

Sensitive personal data, such as trade union membership, political opinions and religious beliefs, may be processed but is subject to stricter criteria. In the case of the register of interests, such information may be included with

the explicit consent of the individual, but organisations should carefully consider the level of detail they actually need in terms of trustees' interests. Data should be accurate and kept up to date. Data controllers are expected to take appropriate security measures to ensure that data is not unlawfully processed, lost or damaged.

All organisations should make themselves aware of their responsibilities under data protection legislation. Further information is available at <https://www.gov.uk/data-protection>.

It should be made clear to trustees why a register of interests is being developed and how it will be used. This should include explanations as to what kind of information will be recorded and whether any, or no part, of that information will be available to interested members of the public, including stakeholders, members, and other trustees.

LSDN Conflicts of interest policy

This policy applies to all LSDN employees, contract staff and governors.

Why we have a policy

LSDN directors and governors have a legal obligation to act in the best interests of London Skills & Development Network (LSDN), and in accordance with LSDN's code of conduct, constitution and governing documents, and to avoid situations where there may be a potential conflict of interest. LSDN employees, contract staff and volunteers have similar obligations.

Conflicts of interests may arise where an individual's personal or family interests and/or loyalties conflict with those of LSDN. Such conflicts may create problems; they can:

- inhibit free discussion
- lead to disloyalty
- result in decisions or actions that are not in the interests of LSDN
- risk the impression that LSDN has acted improperly.

The aim of this policy is to protect both the organisation and the individuals involved from any appearance of impropriety.

The declaration of interests

Accordingly, we are asking all LSDN employees, contract staff, volunteers, and governors to declare their interests, and any gifts or hospitality offered and received in connection with their role at LSDN. A declaration of

interests' form is provided for this purpose, listing the types of interest you should declare.

To be effective, the declaration of interests needs to be updated at least annually, and **whenever any material changes occur**.

If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution. If you would like to discuss this issue, please contact the HR & Finance Director for confidential guidance.

This register of interests shall be used to record all gifts of a value over £15 and hospitality over £25 received by employees and governors.

Interests and gifts will be recorded on the organisation's register of interests, which will be maintained by the company secretary. The register will be accessible only to the CEO, Company Secretary and HR Department as needed.

Data protection

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 2018 also known as General Data Protection Regulation (GDPR). Data will be processed only to ensure that LSDN employees and governors act in the best interests of the organisation. The information provided will not be used for any other purpose.

What to do if you face a conflict of interest

If you believe you have a perceived or real conflict of interest, you should:

- declare the interest at the earliest opportunity
- withdraw from discussions and decisions relating to the conflict.

The company secretary should take special care to ensure that minutes or other documents relating to the item presenting a conflict are appropriately redacted for the person facing the conflict. A balance needs to be made to ensure that the person still receives sufficient information about the activities of the organisation generally without disclosing such sensitive information that could place the individual in an untenable position.

If you are a user of LSDN's services, or the carer of someone who uses LSDN's services, you should not be involved in decisions that directly affect the service that you, or the person you care for, receive(s). You should declare your interest at the earliest opportunity and withdraw from any subsequent discussion, unless expressly invited to remain in order to provide information. In this case, you may not participate in, or influence, the decision or any vote on the matter. You will not be counted in the quorum for that part of the meeting and must withdraw from the meeting during any vote on the conflicted item.

There are situations where you may participate in discussions from which you could indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal. This action will be agreed by the chair and minuted accordingly.

All payments or benefits in kind to employees and governors will be reported in the organisation's accounts and annual report, with amounts for each employee or governor listed for the year in question.

Where a member of LSDN's staff is connected to a party involved in the supply of a service or product to the organisation, this information will be fully disclosed in the annual report and accounts.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

Appendix B – Conflict of Interest Disclosure Form

I as employee/governor* [**delete as appropriate*] of [*LSDN*] have set out below my interests in accordance with the organisation's conflicts of interest policy.

Category	Individual (your comments)	Immediate family comments (members of your household, spouse/partner etc.)
Current employment and any previous employment in which you continue to have a financial interest.		
Any external employment (e.g. second job), contracts, self-employment and/or informal work (both paid and unpaid).		
Appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals etc.		
Membership of any professional bodies, special interest groups or mutual support organisations.		
Investments in unlisted companies, partnerships and other forms of business, major shareholdings [e.g.		

more than 1% of issued capital] and beneficial interests.		
Gifts or hospitality offered to you by external bodies and whether this was declined or accepted in the last twelve months.		
Do you use, or care for a user of the organisation's services?		
Any contractual relationship with the organisation or its subsidiaries.		
Any other conflicts that are not covered by the above.		

To the best of my knowledge, the above information is complete and correct. I undertake to update the information provided as and when a change may occur, and to review the accuracy of the information on an annual basis, or as requested. I give my consent for it to be used for the purposes described in the conflicts of interest policy and for no other purpose.

I confirm I have read and understood the organisation's conflicts of interest guidance and policy and undertake to adhere to such guidance and requirements as set out in the document.

Signed:

Position:

Date

Appendix C – Conflict of Interest Disclosure Form (Specified Activity)

Note: A potential or actual conflict of interest exists when commitments and obligations are likely to be compromised by your other material interests, or relationships (especially economic), particularly if those interests or commitments are not disclosed.

You should also disclose any personal, business, or volunteer affiliations that may give rise to a real or apparent conflict of interest.

Event/ activity/ service giving rise to disclosure:

Date:

Staff Member Name:

Job Title:

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest:

I have no conflict of interest to report ☐

I have the following conflict of interest(s) to report ☐

I hereby certify that the information above is true and complete to the best of my knowledge.

Signature:

Date:

Checked by Finance Director:

Signature:

Date:

Actions Taken:

Action taken	By Whom	Date
Added to COI Register		