



# Chorlton Community Land Trust

## Conflicts of Interest Policy for Board Members

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### Introduction

Board members, co-optees and committee members have a legal obligation to act in the best interests of CCLT, and in accordance with the Rules<sup>1</sup> and Code of Conduct.

The Chorlton Community Land Trust Board recognise the importance of ensuring probity, both financial and moral, in all aspects of CCLT work. This includes ensuring that Board members, co-optees and committee members do not use any involvement they may have in other organisations to influence, whether positively or negatively, any decisions they make about CCLT. Their paramount duty is to act in the best interests of CCLT at all times.

The use of transparent mechanisms to manage conflicts of interest, thereby ensuring probity in all actions and decisions, is vital in order to protect both the CCLT and individuals.

### Financial interests

No Board Member, co-optee or member of a committee shall have any financial interest in any contract or other transaction with the CLT or with any other group member, or be granted a benefit by the CLT, unless such interest or benefit: is expressly permitted by these rules or under any determination or guidance by the registrar from time to time; or would not be in breach of, and would not be inconsistent with, any determination, guidance, standard or code published by the registrar or any code of conduct and/or governance adopted by the Board.<sup>2</sup>

The CLT registrar is the Financial Conduct Authority (FCA).

Notwithstanding the above the CLT may:

1. pay properly authorised expenses to Board Members, co-optees and members of committees when actually incurred on the CLT's business;
2. pay insurance premiums in respect of insurance taken out to insure officers and employees;
3. pay reasonable remuneration, fees, allowances or recompense for loss of earnings to Board Members, co-optees and members of committees; and
4. grant reasonable and proper benefits to Board Members, co-optees and members of committees; provided that any such payment or benefit is in accordance with any code of conduct and/or governance adopted by the Board from time to time.<sup>3</sup>

<sup>1</sup> Rules D16 to D26 cover Board Members' interests

<sup>2</sup> Rule D16, D16.1 and D16.2

<sup>3</sup> 1-4 covered by Rules D23.1, D23.3, D23.3, D23.4



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5. have a chief executive appointed by the Board. The chief executive shall be appointed with a written and signed contract of employment, which shall include a clear statement of the duties of the chief executive.<sup>4</sup>
6. (shall) have a secretary who shall be appointed by the Board and who may be an employee. The Board may also appoint a deputy secretary (who may also be an employee) to act as secretary in the secretary's absence. The secretary's duties will be clearly set out in writing and agreed by the Board.<sup>5</sup>
7. may designate as officers such other executives, internal auditor and staff of the CLT on such terms (including pay) as it from time to time decides.<sup>6 7</sup>

The provisions above cover those instances, where Board members can receive financial remuneration, that are expressly permitted by the Rules.

### **Interest as a resident of the CLT**

The Rules give specific instances where being a resident of the CLT is deemed not to have an interest for the purpose of specific rules. The rules state:

*Board Members, co-optees or members of committees who are residents of the CLT or any other group member shall be deemed not to have an interest in any decision affecting all or a substantial group of residents of the CLT.*<sup>8</sup>

*The grant of a tenancy, licence or lease by the CLT or by any other group member at the direction of another body or on a basis which is consistent with any applicable guidance, determination, standard or code of practice of the Regulator (or any code of conduct and/or governance of the Board from time to time, adopted by the Board) to a Board Member, co-optee or member of a committee is not (deemed to be) the grant of a benefit.*<sup>9</sup>

Under the term "resident" CCLT include owners who may be paying for the upkeep of land and the provision of other services through a covenant or service charge.

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<sup>4</sup> Rule E6

<sup>5</sup> Rule E7

<sup>6</sup> Rule E8

<sup>7</sup> Paragraph G15.14 of the Rules states that "officer" shall include the chair and secretary of the CLT and any Board Member for the time being and such other persons as the Board may appoint under rule E9 (read E8)

<sup>8</sup> Rule D25 -deemed not to be an interest for the purpose of rules D16 to D21

<sup>9</sup> Rule D26 deemed not to be the grant of a benefit for the purpose of rule D16



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### Potential Conflicts of Interest

Conflicts of interest may arise where a board member, co-optee or member of a committee's personal or family interests and/or loyalties conflict with those of CCLT; such conflicts can inhibit free discussion, result in decisions that are not in CCLT best interests and/or risk the impression that CCLT has acted improperly.

Examples of potential conflicts of interest may be where an individual:

- .is a director, officer or member of a company which trades with, or intends to trade with, the CCLT
- .is an official or elected member of any organisation which may be involved with decisions that impact on the CLT
- .is paid for any services/transactions unless expressly permitted by the CCLT under its rules

### Declaring interests

Every Board Member, co-optee and member of a committee shall ensure that the Secretary at all times has a list of:

- .all other bodies in which they have an interest as a director or officer or a member of a firm or an official or elected member of any statutory body or the owner or controller of more than two per cent of a company the shares in which are publicly quoted or more than ten per cent of any other company;
- .any property owned or managed by the CLT which they occupy; or
- .any other significant or material interest<sup>10</sup>

CCLT additionally ask that the Secretary is informed of involvement with any organisation which may be involved with decisions that impact on the CLT

CCLT Rules state that:

“Any Board member, co-optee or member of a committee, having an interest in any arrangement between the CLT and someone else shall disclose their interest before the matter is discussed by the Board or any committee. Unless it is expressly permitted by these rules, they shall not have any vote on the matter in question. Any decision of the Board or of a committee shall not be valid because of the subsequent discovery of an interest which should have been declared.”<sup>11</sup>

<sup>10</sup> Rule D21, D21.1.1, D21.1.2, D21.1.3, D21.1.4, D21.2, D21.3

<sup>11</sup> Rule D17



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### **Register of Interests**

The Secretary will maintain an up to date Register of Interests.

In addition to updating the Secretary on any new interests when they arise the CCLT Board members must also declare, on an annual basis, any organisations of which they are a member, or in which they hold a position of general control, management or influence. This declaration will be required immediately following the Annual General Meeting, and the results will be collated into a Register of Interests which will be available for inspection at all CCLT meetings.

### **Conflicts of Interest in meetings**

The Chair will remind CCLT Board members about their obligations in respect of potential conflicts of interest at the start of each CCLT meeting.

It is the responsibility of individual Board members to make a judgement about whether a connection elsewhere creates a conflict of interest with any given issue on a CCLT agenda, and to openly declare the potential conflict of interest.

This should be done by making the Chair aware of any such issues prior to the start of CCLT meetings, and by publicly declaring the possible conflict of interest at the start of the relevant item. Unless it is expressly permitted by these rules, they shall not remain present (unless requested to do so by the Board or committee), and they shall not have any vote on the matter in question.<sup>12</sup>

If a question arises at a meeting of Board members or of a committee of Board members as to the right of a Board member to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chair, whose ruling in relation to any Board Member other than the chair is to be final and conclusive.<sup>13</sup>

If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chair or Chair of the committee, the question is to be decided by a decision of the Board members or members of that committee at that meeting, for which purpose the Chair or Chair of the committee is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.<sup>14</sup>

*Any decision of the Board or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.*<sup>15</sup>

<sup>12</sup> Rule D18

<sup>13</sup> Rule D18 subject to rule 19

<sup>14</sup> Rule D19

<sup>15</sup> Rule D21



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If it is the Chair who declares an interest, the chair shall be passed for that item to another Board member with no potential conflict of interest.

### Consequences if interests are not declared

A conflict of interest which is not managed properly, and which leads to a financial benefit to the Board member, may lead to allegations of breach of trust and criminal proceedings.

The non-declaration of an interest also run the risk of decisions not being made in the best interest of the CCLT, or the impression of this being the case; thus, damaging the reputation of CCLT.

Sanctions against individuals are available through the Rules which state:

If requested by a majority of the Board or members of a committee at a meeting convened specially for the purpose, a Board Member, co-optee or member of a committee failing to disclose an interest as required by these rules shall vacate their office either permanently or for a period of time as the Board directs<sup>16</sup>

Agreed by Board on	27 August 2019
Chair	
Secretary	
Previous Versions	None
Next review	September 2020

<sup>16</sup> Rule D22