

## BOARD POLICY - CONFLICT OF INTEREST

## APPENDIX A

RESPONSIBLE OFFICER:	NCHA CHAIR
RESPONSIBLE MANAGER:	GOVERNANCE MANAGER
APPROVED:	JANUARY 2015
LAST REVIEW:	NOVEMBER 2020 (NCHA BOARD)
NEXT REVIEW:	NOVEMBER 2023

### 1.0 PURPOSE

To set out the respective responsibilities of Board Members (and Committee Members) and NCHA for the avoidance and management of conflicts of interest. To ensure that NCHA complies with the law and its adopted Code of Governance.

### 2.0 DEFINITION

A conflict of interest arises where the duties and responsibilities of an individual as a Board Member (or Committee Member) conflict with other, personal or family, interests or loyalties.

### 3.0 CONTEXT

The duties of Board and Committee Members are set out in law in The Companies Act 2006 and The Co-operative & Community Benefit Societies Act 2014. Regarding conflicts of interest, the acts place a duty on Board Members to act at all times in the best interests of NCHA, avoid putting themselves in situations of conflict and to declare any conflicts in proposed transactions or arrangements.

NCHA has also adopted the NHF Code of Governance 2015, which includes provisions around conflicts of interest as follows:

[H3] Where conflicts of personal interest arise these must be recorded and, if material, the individual concerned must be excluded from the discussion or decision by a resolution of the non-conflicted members present.

[H4] In the case of a fundamental or ongoing material conflict the board must consider and determine whether the person concerned should cease to be a board member.

[H5] Where there are persons who are members of more than one board in a group, there must be formal arrangements to ensure that if there are any actual or potential conflicts of interest, these are identified and managed.

### 4.0 SCOPE

This policy applies to all Board Members of NCHA and all Board Members of subsidiary companies of NCHA and all Committee Members within NCHA.

### 5.0 RESPONSIBILITY FOR DECLARATIONS

5.1 All Board and Committee Members have a legal obligation to act in the best interests of the Group and in accordance with NCHA's Rules (and other governing documents within subsidiary companies), to avoid situations where there may be a potential conflict of interest.

- 5.2 All Board and Committee Members of NCHA and Board Members of subsidiary companies of NCHA (currently Pelham Homes Ltd) are required to declare their interests, and any gifts or hospitality received in connection with their role in the Group.
- 5.3 A Declaration of Interests form is provided by NCHA for the purpose of making declarations, listing the types of interest which should be declared.
- 5.4 The Declaration of Interests register is updated annually, and also when any changes occur.
- 5.5 If Board or Committee Members are not sure what to declare, or whether/when a declaration needs to be updated, they should err on the side of caution so that if they are in any doubt, a declaration is made. The next section provides further guidance on how to identify potential conflicts.
- 5.6 Board or Committee Members seeking confidential guidance or advice may contact the Chair, Chief Executive or the Company Secretary.

## **6.0 IDENTIFYING POTENTIAL CONFLICTS**

- 6.1 A conflict of interest is when Board or Committee Members' personal interests, or interests which they owe to another body, conflict or appear to conflict with the interests of NCHA.
- 6.2 Potential or actual conflicts can arise prior to the appointment of a Member or during the Member's period of appointment. They can take different forms and do not necessarily come in the form of financial gain. The purpose of this policy is to assist Members and NCHA to identify such conflicts and to demonstrate that they have been dealt with effectively.
- 6.3 Potential or actual conflicts could take the following forms (although this should not be considered a complete or exhaustive list):-
  - Direct financial gain or benefit to the Member.
  - Indirect financial gain.
  - Conflict of loyalties.
  - Situations such as: the employment of a relative; the housing of a relative; an interest in any property being purchased; an interest in any company selling (or being an agent for) a property being purchased; a business or personal relationship with any person or firm earning fees from work.
  - A business or personal relationship with any person or firm entering into a contract to carry out work for NCHA including contractors and suppliers.
  - Involvement personally (or by association with a relative or friendship) with a business that may be viewed as a conflict of interest with NCHA's activities.
  - Being on the board or on a committee of another Registered Provider, Property Company or other organisation providing similar services.
  - Being a member of an organisation which is not open to the public, or has secrecy about its rules, membership or conduct.
  - Employment in NCHA's area of operation or ownership of land and/or property in the area of NCHA's operation.
  - Tenancy of, or leasehold interest in, a property owned by NCHA or the Group.
- 6.4 Every Board Member and Committee Member is responsible for considering and disclosing any actual or potential conflicting interest. They are expected to over-declare with transparency being an overriding principle.
- 6.5 Individuals are not expected to research into the employment, business interests and other activities of all persons with whom they are 'closely connected'. However, they must not ignore the existence of interests of which,

from the point of view of a reasonable and objective observer, they should have been aware.

## **7.0 CONFLICTS THAT ARE PERMITTED**

7.1 NCHA's Board Members may also be Directors or Board Members of other group companies such as Pelham Homes. This could mean that a conflict of loyalties could arise when the Board of NCHA is making decisions which involve or affect those other companies. These conflicts will be managed transparently and all decisions of the NCHA Board will be made in the best interests of NCHA.

## **8.0 RESPONSIBILITY FOR RECORDING AND MANAGING CONFLICTS**

8.1 Board or Committee Members must declare any conflicts of interest which arise from any Board papers in writing to the Chair, copied to the Company Secretary, at least 48 hours before the meeting. Where a Board or Committee Member has declared an ongoing conflict of interest in a particular area they may be asked to absent themselves from the specific part of the meeting, in accordance with the requirements of the Code of Governance set out in section [H3] and referenced above.

8.2 If a Board or Committee Member fails to declare an interest that is known to the Chair or Chief Executive, the Chair or Chief Executive will declare that interest.

8.3 Board and Committee Members who, or whose partners or close relatives, are recipients of the Group's services, or who are the carer of someone who is a recipient of the Group's services, should not be involved in decisions that directly affect the service that they, or the person they care for, receive(s). Board and Committee Members should declare any such interest at the earliest opportunity and withdraw from any subsequent discussion on related matters.

8.4 The same applies if any Board or Committee Member faces a conflict for any other reason. Board or Committee Members may, however, participate in discussions from which they may indirectly benefit, for example where the benefits are universal to all users, or where the benefit is minimal.

8.5 In the event of the Board or Committee having to decide upon a question in which a Member has declared a conflicting interest, all decisions will be made by vote, with a simple majority being required. A quorum must be present for the discussion and decision; the affected Board or Committee Member will not be counted when deciding whether the meeting is quorate. Affected Members may not vote on matters affecting their own interests and may be required to absent themselves from the relevant part of the meeting.

8.6 All decisions where a conflict of interest has been declared will be recorded and reported in the Minutes of the meeting. The Minutes will record:

- the nature and extent of the conflict;
- an outline of the discussion;
- the actions taken to manage the conflict
- the Tier level of the conflict, as per Appendix 1

8.7 In the case of fundamental or ongoing material conflicts, in accordance with the requirements of the Code of Governance set out in section [H4] and referenced above, the Governance Committee will consider and determine whether the person concerned should cease to be a Board Member.

8.8 In the event that the Governance Committee cannot unanimously agree on decisions as outlined in 8.7, the matter will be referred to full Board for decision.

8.9 Independent external moderation may be used at the Chair's discretion where conflicts cannot be resolved through usual procedures.

- 8.10 Where a Board or Committee Member benefits directly from the decision, this will be reported in the Annual Report and Accounts in accordance with the current SORP.
- 8.11 The Chief Executive is responsible for overseeing the maintenance of the Register of Interests and the Gifts and Hospitality Register.
- 8.12 Board Members are required to declare to the Chief Executive all gifts and hospitality (received or given) over the value of £25, for entering into the Gifts and Hospitality Register.
- 8.13 The Governance Committee will review the Register of Members Interests as a standing item on each agenda.
- 8.14 Any mid-year or updated declarations must be made as soon as practicable rather than waiting until the next meeting to make a report. Mid-year or updated declarations will be added to the Register of Members Interests and returned to the Governance Committee for review.
- 8.15 The Company Secretary will share the relevant sections of the Register with the Chair of Pelham Homes and Chairs of NCHA Committees (Care Committee, Audit & Risk Committee) annually.

## **9.0 POLICY ON LOCAL COUNCILLORS & CONFLICTS OF INTEREST**

NCHA will accept a local councillor as a Board Member providing the following criteria are met:-

- 9.1 the individual was already a Board Member when elected to the local council (i.e. existing councillors will not be selected for Board Member vacancies);
- 9.2 the proportion of councillors on the Board must not exceed 24% (a maximum of 2 councillors based on a Board size of 12);
- 9.3 Board Members who are also councillors are not permitted to Chair the Board, any Committee or subsidiary Board;
- 9.4 Conflicts of interest will be kept under review to ensure that these are properly managed. Where necessary, action will be taken under rule [H4] of the Code of Governance for fundamental or ongoing conflicts.

## **10.0 FAILURE TO DECLARE**

Any failure to declare a conflict of interest would constitute a breach of this policy and the Code of Conduct and may be treated as a governance matter by the Chair of Board .

## **11.0 DATA PROTECTION**

NCHA is responsible for processing information provided in accordance with data protection principles as set out in the current Data Protection Legislation (DPA 2018 & GDPR). Data is processed only to ensure that Board and Committee Members act in the best interests of the Group. The information provided will not be used for any other purpose.

## **12.0 REFERENCES**

- 12.1 NHF Code of Governance. NCHA's Board has adopted the NHF's Code of Governance. A copy of the Code of Governance can be found within the Board Member's Reference Library on Convene.
- 12.2 Code of Conduct. NCHA's Board has adopted the NHF's Code of Conduct for all colleagues, Board Members and Committee Members. A copy of the Code of Conduct can be found on Igloo or within the Board Member's Reference Library on Convene.
- 12.3 Gifts & Hospitality Procedure. NCHA's Audit & Risk Committee has adopted a procedure for the Giving and Receiving of Gifts & Entertainment. A copy of the Procedure can be found on Igloo or within the Board Member's Reference Library on Convene.

## Appendix 1

Member's Annual Declaration of Interest returns will be assessed against the 5 Tiers to give an overview position for potential conflict. This will form part of the Annual Declaration of Interest report to the Governance Committee.

Once an individual Conflict of Interest is identified for any given Board or Committee item, action will be assessed and minuted as per the 5 Tier Approach detailed below. Members will be notified of any action required.

<b>Conflicts of Interest - The Five Tier Approach</b>		
<b>Tier</b>	<b>Nature of Declaration(s)</b>	<b>Necessary Action</b>
1	Minor declaration(s) which are effectively dealt with by the Governance Manager being made aware but for which no further action is necessary to manage any potential, real or perceived conflict.	Note the Conflict but take no further action.
2	Declaration(s) cover minor items which are either commercially sensitive or of a nature which could present reputational risk if the conflict is not effectively managed.	Allow the Member to receive relevant papers and to remain in the room when the item is discussed but do not allow the Member to contribute to discussions or to vote on any decisions required.
3	Declaration(s) cover more commercially sensitive items or items of a nature which could present more serious reputational or regulatory risk if the conflict is not effectively managed.	Allow the Member to receive the relevant papers but ask them to leave the room when the item is discussed at the Board or Committee.
4	One-off declaration covering a substantial, commercially sensitive item which is key to the delivery of the objectives of the Group.	Withhold relevant papers from the Member and ask them to leave the room when the item is discussed at the Board or Committee meeting.
5	Declarations regularly made on an ongoing basis covering matters which are substantial, commercially sensitive and key to the delivery of the objectives of the Group where taking no action could create significant reputational and/or regulatory risk.	Ask the Member to step-down from the Board or Committee.