



# GUIDANCE 4

## GUIDANCE ON DECLARATION AND CONFLICTS OF INTEREST

JANUARY 2022

# Content

Section	Page
INTRODUCTION	3
PRINCIPLES FOR DECLARING INTERESTS	3
WHAT THIS MEANS FOR YOU	4
WHAT YOU NEED TO DECLARE	5
DECLARATIONS OF INTEREST BEFORE OR DURING MEETINGS	6
APPENDIX 1 – RBH MUTUAL RULES	7
APPENDIX 2 – RBH NON-EXECUTIVE DIRECTOR/COMMITTEE MEMBER CODE OF CONDUCT	8
APPENDIX 3 – EXCERPT FROM THE COMPANIES ACT 2006	10
APPENDIX 4 – EXCERPT FROM THE NHF CODE OF GOVERNANCE AND CODE OF CONDUCT	11
APPENDIX 5 – RBH ANNUAL DECLARATIONS OF INTEREST FORM	12

## INTRODUCTION

This guidance note is designed to assist Board and Committee Members to understand how they deal with declaring and managing conflicts of interest to ensure that they comply with the highest standards of Probity and Governance. It does so by explaining what a conflict of interest is as well as how and when they should declare it.

Board and Committee Members are expected to observe exceptionally high standards of personal honesty and integrity. The registration of interests helps to ensure public confidence in RBH, and to maintain accountability and transparency of decision-making by avoiding any real or perceived bias or influence.

The RBH Rules and the Code of Conduct requires you to declare certain interests and especially any financial, political or other business which may conflict with your responsibilities as a Board and/or a Committee Member.

Board and Committee Members have a fiduciary duty to put the association's interests ahead of all others and to always act in its best interests. 'Fiduciary' means 'acting on behalf of another' and a fiduciary responsibility should create a relationship of trust and confidence. It requires Board and Committee Members to act prudently, avoid taking undue risks, and avoid any personal conflicts of interest.

Board and Committee Members must ensure that their private or personal interests do not influence their decisions and that they do not use their position to obtain personal gain of any sort, other than agreed remuneration and expenses for being a member.

## PRINCIPLES FOR DECLARING INTERESTS

A conflict of interest arises in any circumstance where doubt can be cast on a Board or Committee Member's ability to act with complete objectivity about the housing association's activities and solely in the best interests of the association. A member who has an interest, however slight, in any matter about to be discussed or decided by the Board and/or Committee must disclose this interest. It is the individual Board/Committee Members responsibility to take this action; he or she must not wait for someone else to challenge them on it.

A good test is to ask yourself would be whether someone else, knowing the relevant facts, could perceive that you may have an interest which will prejudice your ability to act solely in the best interests of the housing association.

**Transparent** – this is of prime importance for RBH. Integrity and public confidence in RBH's democratic processes are among the aims and objectives of RBH and its duties in carrying on business for the benefit of the community. Responsibility, Equity, Democracy, Pioneering, Openness and Honesty, Championing and Caring are our declared organisation values and it is therefore especially important for Non-Executive Directors/Committee Members, to observe the highest standards of probity in its own practices.

Boards and Committees of all housing associations must be seen to act properly. Any impropriety is damaging personally, to the individual organisation, and to the whole sector. It is particularly important to declare any interests that could be relevant to your organisation's work and to avoid any situation where you could be construed as deriving a personal benefit from your Board and/or Committee role.

**Comprehensive** – there are three main areas of interest:

- External interests;
- Financial interests; and
- Political interests

Board and Committee Members should never use their official position to gain financial, material, political or any other benefit for themselves, their family, or their friends, in a way which might reasonably be seen to compromise RBH's position or an individual's personal judgement or integrity. This includes financial, political, and other interests.

**Proactive** – we declare and publish all such interests proactively for Board and Committee Members. The Executive Team and all colleagues are aware of the need to declare these interests, internally at least, and are ready to publish if requested.

## WHAT THIS MEANS FOR YOU

**Be Aware of the Rules and your obligation** – Board and Committee Members must be aware of the requirement to declare interests, and to update these as and when they change. Board and Committee Members should be meticulous about declaring potential dualities or conflicts of interest and seeing that these are recorded in the housing association's register of interests. The register of interests is designed to protect both the association and individual Board and Committee Members by demonstrating openness, transparency and that there is nothing to hide, and is available for public inspection upon request, subject to considerations of individual privacy.

**Openness** – A useful test of the need for an interest to be declared is whether members of the public knowing the facts of the situation might reasonably think it should be. If in doubt, err on the side of openness.

**Undue Influence** – Board and Committee Members must not attempt to influence any other member's view or vote, nor the actions of employees, regarding the matter itself by any form of communication prior to, during or after, the relevant meeting(s). Where such a conflict is likely to recur on a frequent basis, the Board or Committee Member should offer to resign. Any Board or Committee Member involved in a significant dispute with RBH, will usually be suspended in line with the RBH Non-Executive Director/Committee Member Code of Conduct until the dispute is resolved.

**Seek advice** – if still in doubt about any aspect of declaring an interest, or in the event of queries in relation to a particular case, consult the Secretary, Board Chair or the Chief Executive at the earliest opportunity.

**Complete the form** – Board and Committee Members should complete the Declaration of Interests Form at the earliest opportunity on appointment and within 28 days of receiving it, and sign and return it to the Secretary. Update your declaration within a month of any change in circumstances and in-line with any Code of Conduct or Contract for Services.

**Gifts and Hospitality** – remember to declare any gifts or hospitality (received or offered) in any capacity for which you have recorded an interest.

**Monitoring and publication** – the Governance Team will maintain a Register of Interests and a Conflicts Register which is reviewed on an annual basis by each governing body. A notice is on the RBH website that the Register of Interests is available upon request.

## WHAT YOU NEED TO DECLARE

The interests which Board and Committee Members must declare, are both financial and non-financial ones, including:

- Business/Employment, in particular the name, address and nature of additional business or other employment interests;
- Consultancy, in particular the name of the company, firm or other body or individual on behalf of whom consultancy is undertaken by you and the nature of the consultancy, with an indication of frequency/volume of such work;
- Directorships, in particular the nature of business of each company or other body of which you are a director, with an indication of whether paid/unpaid/charitable involvement;
- Partnerships, in particular the name, address and nature of the business of each firm of which you are a partner;
- Shareholders, in particular the name, address and nature of the business of each company in which you hold shares or debentures (excluding building society);
- Contract, in particular the description of any contract for goods, services, works made between you of a firm in which you are a partner, or a remunerated director, or hold shares as outlined above.
- Interests in land within the Borough, in particular the address or description of land or property in which you have a beneficial interest or in which a firm in which you are a partner, or a remunerated director, or hold shares as outlined above has an interest, the nature of the interest and the use to which the land is put;
- Retainers, in particular the name and address of organisations to whom you are engaged on a retainer basis and the nature of the retainer;
- Representative/Membership/Associations, in particular a list of organisations or public bodies of which you are an elected representative or you have membership/association, including trade unions, clubs and societies eg Freemasons etc;
- Voluntary Bodies, in particular a list of voluntary bodies of which you have a membership or association;

- Contributions, in particular list any person, other than a relevant organisation, who has made a payment to you in respect of election or any expenses incurred in carrying out your duties;
- Family Members and Close Connections, in particular if you are related or closely connected to anyone associated with RBH;
- Tenants, in particular if you have relatives or anyone you are closely associated with occupies a property which is owned or managed by RBH;
- Any other financial or non-financial interests (such as through a family member, a friendship or membership of an association, society, trade union, or the Freemasons or similar) which could be perceived as potentially affecting judgement or give the impression that a Non-Executive Director/Committee Member could be acting for personal motives.

## **DECLARATIONS OF INTEREST BEFORE OR DURING MEETINGS**

At the beginning of every meeting, there is an agenda item inviting those present to declare any interest they may have in any item on the agenda. It is the responsibility of the individual concerned to consider the matters in advance bearing in mind the business on the agenda and identify and declare such interests to the meeting.

However, Board and Committee Members should also declare upon receipt of the meeting papers any actual or potential interest to the Chair and Secretary. If the conflict is clear and substantial, the Board and/or Committee Member should offer to withdraw from the meeting and, if invited to remain, refrain from participating in the discussion or the decision. The Chair of the meeting may also ask that you withdraw from the meeting whilst the item is being considered.

## APPENDIX 1 – RBH MUTUAL RULES

### Rule 6.12 - Declaration or notification of interest

- 6.12.1 No Director or member of a committee (or connected person) may have any financial interest in any contract or other transaction with the Society or with any part of the RBH Group, or be granted a benefit by the Society, unless such interest or benefit:
- (a) is expressly permitted by these rules or under determination or guidance by the Housing Regulator from time to time; or
  - (b) would not be in breach of, and would not be inconsistent with, any determination, guidance, standard or code published by the Housing Regulator or any code of conduct and/or governance adopted by the Board of Directors.
- 6.12.2 Any Director or member of a committee, having an interest in any arrangement between the Society and someone else shall disclose their interest, before the matter is discussed by the Board of Directors or any committee. Such disclosure must comply with any Code of Conduct adopted by the Board of Directors from time to time. Unless it is expressly permitted by these rules they shall not remain present (unless requested to do so by the Board of Directors or committee), and they shall not have any vote on the matter in question.
- 6.12.3 If a question arises at a meeting of the Board of Directors or of a committee as to the right of a Director or a member of a committee 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 of that meeting, whose ruling in relation to any Director or committee member other than the chair is to be final and conclusive.

If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the Directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

Any decision of the Board of Directors or of a committee shall not be invalid because of the subsequent discovery of an interest which should have been declared.

Every Director 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; or

the occupier of any property owned or managed by the Society which they occupy; or

the holder of any other significant or material interest.

If requested by a majority of the Board of Directors or members of a committee at a meeting called specially for the purpose, a Director 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 of Directors directs.

A Director or member of a committee shall not have an interest for the purpose of these rules by virtue of being a Director or officer of any part of the RBH Group.

A Tenant, or other person who receives services from, the Society or any other part of the RBH Group or an Employee shall not by virtue of that relationship alone have an interest for the purposes of these rules.

## APPENDIX 2 – RBH NON-EXECUTIVE DIRECTOR/COMMITTEE MEMBER CODE OF CONDUCT

### D. Duties of Board and Committee Members

The general duties of Board and Committee Members are:

The duty to act within powers – a Board or Committee Member must act in accordance with the Rules and only exercise powers for the purposes for which they are conferred

- The duty to promote the success of the society – a Board or Committee Member must act in the way he/she considers, in good faith, would be most likely to promote the success of RBH for the benefit of its members as a whole
- The duty to exercise independent judgment
- The duty to exercise reasonable care, skill and diligence
- The duty to avoid conflicts of interest – a Board/Committee Member must avoid a situation in which he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the business.
- The duty not to accept benefits from third parties – a Board or Committee Member must not accept a benefit from a third party conferred by reason of his/her being a Board or Committee Member or his/her doing (or not doing) anything as a Board or Committee Member.
- The duty to declare an interest in any proposed transaction or arrangement – if a Board or Committee Member is in any way directly or indirectly interested in any proposed transaction or arrangement with RBH, he/she must declare the nature and extent of that interest to the other Board or Committee Members.

### E. Register of Interests

All Board and Committee Members must complete a declaration of interests form on which they must declare any interests they may have which might affect or influence them in the carrying out of their role. Any new interests must be declared to the Secretary in writing and all Board and Committee Members must confirm their entry each year. The purpose of the register of interests is to protect both RBH and individuals by ensuring and demonstrating openness and transparency.

### F. Conflicts of Interest

Board and Committee Members must not have any outside interests which conflict with the best interests of RBH. Board and Committee Members are expected to act solely for the Society and not to be influenced by any personal interest which may result from other individual or business concerns. All actual or potential conflicts of interest must be openly declared and properly resolved.

Board and Committee Members private and personal interests must not influence their decisions and they must not use their position to obtain personal gain of any sort or gain for friends, family or associates.

In circumstances where a Board or Committee Member or his/her family member, friend associate etc. could receive personal or business benefit as a consequence of any of the Society's activities the Board member must make a declaration of interest.

If a situation arises where a Board or Committee Member does have a personal interest or involvement in a matter to be discussed or decided on by the Board or a Committee, unless the interest is of a type specified in the rules 6.12.8 or 6.12.9, they must declare it and the declaration must be recorded in writing. The Meeting Chair will decide if the Members is to withdraw from the meeting when the item is to be discussed or just to abstain from the discussion. If the Chair declares a conflict of interest in an item, they will relinquish the



position of Chair during the discussion of that item and the Deputy Chair or Secretary will assume the responsibilities of Chair for that item.

Where there is a fundamental or ongoing material conflict, the Board will determine whether the person concerned should cease to be a Board Member.

The Governance Team will maintain a Register of Interests. This will be held securely by the Secretary and will be open to public inspection. The Secretary may exclude potentially sensitive information.

Types of Interest:

- Indirect pecuniary interests arising from connections with bodies that have a direct pecuniary interest or from being a business partner of, or being employed by, a person with such an interest.
- Non-pecuniary interests include those arising from membership of clubs and other organisations.

**APPENDIX 3 – EXCERPT FROM THE COMPANIES ACT 2006**

- 177 Duty to declare interest in proposed transaction or arrangement
- (1) If a director of a company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he must declare the nature and extent of that interest to the other directors.
  - (2) The declaration may (but need not) be made -
    - (a) at a meeting of the directors, or
    - (b) by notice to the directors in accordance with -
      - (i) section 184 (notice in writing), or
      - (ii) section 185 (general notice).
  - (3) If a declaration of interest under this section proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.
  - (4) Any declaration required by this section must be made before the company enters into the transaction or arrangement.
  - (5) This section does not require a declaration of an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question.  
For this purpose, a director is treated as being aware of matters of which he ought reasonably to be aware.
  - (6) A director need not declare an interest -
    - (a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
    - (b) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware); or
    - (c) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered -
      - (i) by a meeting of the directors, or
      - (ii) by a committee of the directors appointed for the purpose under the company's constitution.

## APPENDIX 4 – EXCERPT FROM THE NHF CODE OF GOVERNANCE AND CODE OF CONDUCT

### **2020 Code of Governance:**

- 1.5 Integrity – the Board, its members and the organisation maintain high standards of probity and conduct.
- (2) the Board has clear policies and procedures for its members to identify, declare, record and manage any actual, potential and perceived conflicts of interest.
  - (3) There is a publicly available register for Board and Committee Member declarations of interest which is reported on annually to the Board.
  - (4) Where there is a material conflict of interest, any individual concerned withdraws from the Board's discussions and decisions on relevant matters.
  - (5) In the case of a fundamental or ongoing material conflict, the Board determines whether the person concerned should cease to be a Board Member.

### **Code of conduct:**

Requires housing association Board Members to:

- (1) Act according to high ethical standards and ensure that conflicts of interest are properly dealt with;
- (2) Not benefit from their position beyond what is allowed by law and is in the interests of the organisation;
- (3) Identify and promptly declare any actual or potential conflicts of interest affecting them; and
- (4) Have clear guidelines for receipt of gifts or hospitality.

## APPENDIX 5 – RBH ANNUAL DECLARATIONS OF INTEREST FORM

### REGISTER OF BUSINESS, FINANCIAL, PRIVATE AND PERSONAL INTERESTS DECLARATION BY BOARD MEMBERS

This form should be used by all Board and Committee Members of Rochdale Boroughwide Housing to annually record their actual or potential conflicts of interest.

Full Name \_\_\_\_\_

Address \_\_\_\_\_

I hereby declare the following interests –

1	<b>Business/Employment</b> Name, address and nature of additional business or other employment interests	
2	<b>Consultancy</b> Name and address of company, firm or other body or individual on behalf of whom consultancy is undertaken by you and nature of the consultancy, with an indication of frequency/volume of such work.	
3	<b>Directorships</b> Nature, address and nature of business of each company or other body of which you are a director, with an indication of whether paid/unpaid/charitable involvement.	
4	<b>Partnerships</b> Name, address and nature of business of each firm of which you are a partner.	
5	<b>Shareholders</b> * Name, address and nature of business of each company in which you hold shares or debentures (excluding building society).	
6	<b>Contract</b> Description of any contract for goods, services, works made between you of a firm in which you are a partner, or a remunerated director, or hold shares as description in (5) above.	
7	<b>Interests in land within the Borough</b> ** Address or description of land or property in which you have a beneficial interest, or in which a firm in which you are a partner, or a remunerated director, or hold shares as description in (5) above has an interest, the nature of the interest and the use to which the land is put.	
8	<b>Retainers</b> Name and address of organisation to whom you are engaged on a retainer basis and the nature of the retainer.	

9	<b>Representative/Membership/Association</b> List of organisations or public bodies of which you are an elected representative or you have membership/association, including trade unions, clubs and societies, eg Freemasons, etc	
10	<b>Voluntary Bodies</b> List of voluntary bodies of which you have membership or association.	
11	<b>Contributions</b> List any person, other than a relevant organisation, who has made a payment to you in respect of election or any expenses incurred in carrying out your duties.	
12	<b>***Family Members and Close Connections</b> Please state if you are related or closely connected to anyone associated with RBH	
13	<b>Tenants</b> Do you, your relatives or close associated occupy a property which is owned or managed by Rochdale Boroughwide Housing? If yes, please state their name and address	
14	<b>Further Information</b> Please give any further information you wish about your business or financial interests.	

## Note \*

- a) Only beneficial shareholdings need be declared (ie not shares held as a trustee).
- b) Shareholdings need only be declared if the total nominal value exceeds £1,000 or 1/100 of the total nominal value of the issued share capital of the company, whichever is the less
- c) The amount of the holding need not be stated.
- d) Unit trust holdings need not be stated.

## Note \*\*

- a) Interests as a freeholder or leaseholder for a lease of 12 months or more should be declared.
- b) Interests as an option holder or prospective purchaser should be declared.
- c) Interests by which you are directly concerned in seeking planning permission or some other consent or decision of the Council should be declared.
- d) You need not declare interests in land or property outside the Borough.

## Note\*\*\*

Family Members include those who might reasonably be regarded as similar to family members even when there is no relationship by birth or law. It includes estranged, separated and divorced family members. A person who has a close association would be someone with whom you are in regular or irregular contact over a period of time who is more than an acquaintance.

You are connected with RBH if a family member or connected person is (a) employed by RBH either directly or as a sub-contractor, (b) is a director, fellow board member, elected Representative or has some financial or controlling interest in the organisation, (c) if there is some other connection or link that a reasonable person could take to create a conflict.