

## CONFLICT OF INTERESTS POLICY

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### 1. INTRODUCTION

- 1.1. This Conflict of Interests Policy supports the [LSE Ethics Code](#), in particular, the School's commitment to integrity, by encouraging the declaration of conflicts of relevant interests so that they may be appropriately managed.

### 2. PURPOSE

- 2.1. The purpose of this Policy is to encourage the disclosure of potential conflicts of interest in order to protect the integrity and reputation of the School and its members. The School acknowledges that there is a wide range of situations in which conflicts of interest may arise and strongly encourages members of the School to seek advice where necessary.
- 2.2. This Policy applies to all LSE employees, external members of Council and Court (hereinafter referred to as "**Staff**") and registered students. Those to whom the policy applies will be made aware of the policy and will be encouraged to report any conflict of interest between the interests of the School on the one hand, and personal, professional, and business interests on the other so that they may be appropriately managed. The policy seeks to promote the management of the perception of conflicts of interest as well as actual conflicts.
- 2.3. It is the responsibility of each individual to recognise situations in which a conflict of interest might arise, or which might reasonably be seen by others to involve a conflict, and to disclose that actual or perceived conflict by taking the appropriate steps identified in this Policy.
- 2.4. The Ethics Policy Committee ("**EPC**"), as a committee of Council, is responsible for this Policy and for ensuring that there are appropriate systems in place to promote and monitor compliance with it. The EPC will report to Council annually on the operation of this Policy.

### 3. WHAT IS A "CONFLICT OF INTEREST"?

- 3.1. A **conflict of interest** arises where there is an actual or potential risk or a perceived conflict of commitments between acting in the best interests of the School and formal and/or informal commitments, obligations or undertakings to another body/association/affiliation in relation to the same or related matters, and those duties conflict.
- 3.2. A conflict of interest may arise where an individual might be seen to be influencing School matters for actual or potential personal benefit. Such a conflict may arise in a situation when a member of staff is in a position to influence, directly or indirectly, School business, research or other decisions in ways that could lead to gain for them, their family or others.
- 3.3. No one should be involved in making decisions in relation to their commitments to the School from which they, or anyone with whom they have a close financial or personal relationship, stands to personally benefit. Such considerations apply to a wide range of

activities in which conflicts may arise, including, but not restricted to, student admissions, student assessment, disciplinary proceedings, appeals, staff recruitment, staff promotion and remuneration, procurement, and assessing proposed relationships between the School and outside parties.

- 3.4. Examples of situations in which conflicts of interest, both for financial or personal gain, include:
  - a) Where there is, or there is the potential for there to be, personal gain or gain to immediate family/close contact/associate;
  - b) Where there is, or there is the potential for there to be, any financial gain which may be seen to influence action or decision making;
  - c) Where an individual is in a position to directly or indirectly enhance their career or the career of others with whom they are personally associated; and
- 3.5. It is important to note that the individual concerned should also consider the perspective of an independent external observer and whether they would perceive there to be a conflict of interest.
- 3.6. In relation to extracurricular commitments that may create conflict, individuals covered by this policy should also ensure that they do not enter commitments or engage in activities which are inconsistent with their Terms and Conditions of employment, with regard to outside activities and the permission required to engage with them. In the event of queries, individuals should seek advice from their line manager or the person to whom they report.

#### 4. WHEN SHOULD A CONFLICT OF INTEREST BE DECLARED?

- 4.1. Every member of the School should promote the values that the School represents and should therefore declare any interests that might lead to an actual, potential or perceived conflicts of interest as soon as they are aware of them.
- 4.2. The School will be able to manage any actual potential or perceive conflicts of interest more easily and readily if they are aware of such conflicts from the outset.
- 4.3. While an interest may not necessarily give rise to a conflict in the interests of transparency, it should be declared.
- 4.4. Where an individual covered by this policy is also a board member or director of any funding organisation, then there is a potential conflict of interest. In such a situation, to ensure that any conflict of interest is adequately managed, the individual should declare the interest to the School, such cases will directed through the Ethics (Grants and Donations) Panel for approval. It is recommended that board members also follow the Ethics Code and Conflict of Interest policy of the funding body. This is important as board members' affiliations should be appropriately managed to ensure that decisions are not influenced, or be perceived to be influenced, by personal interests. Management of conflicts of interest will also limit the potential for reputational risk for both organisations.
- 4.5. **Directors.** In accordance with section 175 of the Companies Act 2006, a director of a company must avoid a situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.

- 4.6. **Trustees.** All trustees have a legal duty to act only in the best interests of the School. As such, there is a duty to not put yourself in any position where your duties as trustee may conflict with any personal interest that you may have. All trustees have a legal duty to avoid conflicts of interest under section 175 of the Companies Act 2006.
- 4.7. For further information, please refer to the [Conflicts of interest: a guide for charity trustees](#).

## 5. HOW TO DECLARE A CONFLICT OF INTEREST

- 5.1. As above, all Staff should disclose any conflict of interest or potential perception of Conflict of Interest as soon as they are aware of it. As such, declaration of a conflict of interest should be made at the time the conflict first arises or where it is recognised that a conflict might be perceived.
- 5.2. Whilst it is primarily the duty of the individual to declare interests, others, such as a manager, may become aware of conflict of interest and should make a declaration.
- 5.3. To declare a conflict of interest:
  - a) An **individual** – A declaration can be made in writing to the Head of Division or Department. The Head of Division or Department will then inform the Ethics Manager at [ethics@lse.ac.uk](mailto:ethics@lse.ac.uk) to ensure that an accurate central register of interests can be maintained; and
  - b) At any **committee meeting/meetings of decision making bodies** – At the beginning of every School meeting, there should be a standing item on the agenda on conflicts of interest. Members should be invited to declare any conflict or potential conflict of interest that may arise in the course of the meeting. Any members that become aware of a conflict that they have not declared at the start of the meeting should do so as soon as they become aware of the conflict. The minutes of each meeting should record whether or not any conflicts were declared. The Chair of the committee should decide if any declarations should lead to the member excusing themselves from all or part of the meeting. If the Chair has a conflict, the committee should agree for a member to act as Chair for the item.
- 5.4. If in doubt as to whether or not there is a conflict of interest, please declare the interest. In the instance that a conflict of interest was not declared, this may constitute a breach of the Ethics Code and lead to disciplinary procedures.
- 5.5. All other declarations of conflicts of interest will be recorded by the Ethics Manager. This will include details of the facts, who undertook the assessment and how, and what action was taken as a result.

## 6. WHAT HAPPENS WHEN YOU DECLARE A CONFLICT OF INTEREST?

- 6.1. All staff and Governors must complete the Annual Declaration of Interests Register. Staff should not to be involved in any appointment panel without having completed the Annual Declaration of Interest Register.
- 6.2. The Ethics Manager reviews all declared potential conflicts of interest to determine what, if any further action is required.
- 6.3. It is important to note that “**seriousness**” is a question of degree. It involves a spectrum of directness and significance. Several factors may need to be considered when assessing the seriousness of the conflict of interest. These include:
  - a) the type or size of the other interest;
  - b) how closely the two interests concern each other;

- c) the magnitude of the potential effect of one on the other;
  - d) the nature or significance of the particular decision or activity being carried out;
  - e) the extent to which the individual's other interest could specifically affect, or be affected by, the School's decision or activity;
  - f) the nature or extent of the individual's current or intended involvement in the School's decision or activity; and
  - g) The seriousness of the potential conflict.
- 6.4. In the instance that the overlap of two or more interests is so slight that it does not constitute a real conflict of interest, for example, where the connection between the interests is remote or insignificant, then it may be determined that such interests are not a conflict of interest. For the avoidance of doubt, the key issue to take into consideration is not primarily about the risk that misconduct will occur but about the seriousness of the connection between two or more interests.
- 6.5. If a conflict of interest is not declared at the outset, this may constitute a breach of the Ethics Code and dependent on the nature of the conflict could potentially result in disciplinary procedures.

## **7. POTENTIAL OUTCOMES**

### **7.1. NO CONFLICT EXISTS**

- 7.2. Where it is determined that there is no conflict of interest, this should be formally recorded by the Ethics Manager. In particular, an explanation and any supporting documentation should be included as to why it was concluded that no conflict arose.

### **7.3. CONFLICT DOES EXIST**

- 7.4. Once a conflict of interest is declared, the School will determine the appropriate resolution. This may include requesting that the individual:
- a) be permitted to continue, where the conflict is considered to be insignificant;
  - b) request the consent from all affected parties that they can continue with their involvement;
  - c) seek a formal exemption to allow participation (if such a legal power applies);
  - d) is subjected to additional oversight or review over their activity in relation to the particular project;
  - e) withdraw from any discussions in relation to the particular project;
  - f) withdraw from making any decisions in relation to the particular project;
  - g) refer the decision, tasks or duties to others; or
  - h) to stand aside from any involvement in the particular project.
- 7.5. In the rare circumstance where an individual's involvement is absolutely necessary, it may be concluded that the individual can continue to act despite the conflict of interest. However, appropriate steps should be taken to manage the conflict of interest. For example, the individual could be required to report proposed steps to a designated individual of appropriate seniority before taking action.
- 7.6. Any unresolved matter shall be referred to the Ethics Policy Committee through the Ethics Manager.

## 8. RELATED DOCUMENTS

- 8.1. Conflicts of Interest: Declaring conflicts of interest during the recruitment process (Human Resources).
- 8.2. Guidance on Personal Relationships at Work (Human Resources).
- 8.3. Whistleblowing Policy.

<b>Approved by</b>	To be approved by Council	<b>Date Approved</b>	17 May 2016
<b>To be reviewed</b>	Every three years	<b>Division</b>	Governance, Legal and Policy Division
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