

Conflict of Interests Policy

1. Introduction

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 actual, potential or perceived 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. Where applicable, references to conflicts of interest in this Policy should also be read as referring to conflicts of commitment and conflicts of loyalty, both of which are explained in Section 4.
- 2.2. This Policy applies to all LSE employees, governors, visiting academics 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 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 questions of conflict of interest on their part might reasonably be raised, and to disclose such situations to the School by taking the appropriate steps identified in this Policy.
- 2.5 The Ethics Management Board (EMB) as a group of the School Management Committee (SMC), is responsible for the implementation of this policy and for ensuring that there are appropriate systems in place to promote and monitor compliance with it. The EMB will report to the Ethics Committee and Council annually on the operation of this Policy.

3. Regulation

- 3.1 This policy forms part of the School's governance framework and supports the School's commitment to uphold the public interest governance principles and in fulfilment of regulatory requirements, including but not limited to:
- a) The Office for Students (OFS) Corporate Governance Guidance guiding principles state the conduct or actions of individuals must neither 'create suspicion of any conflict between their official duty and their private interest', nor 'give the impression...that they have been (or may have been) influenced by a benefit to show favour or disfavour to any person or organisation.'
 - b) Section 2.2 of the Committee of University Chair's (CUC) Higher Education Code of Governance, which states, 'members of governing bodies must act, and be perceived to act, impartially, and not be influenced by social or business relationships'.
 - c) Section 175 of the Companies Act 2006, which states, '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.'
 - d) Charity Commission Guidance, entitled 'Charity trustee: what's involved (CC3a)', which requires that 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 themselves in any position where their duties as trustee may conflict with any personal interest.

4. What Is A "Conflict of Interest"?

- 4.1 For the purpose of this policy Conflict of Interests includes the following three types of conflict:
- a) **Conflict of Interests:** A conflict of interest arises where there is an actual or potential risk or a perceived conflict in duties 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;
 - b) **Conflict of loyalty:** where overlapping personal interests or loyalties could, or be perceived to, prevent an individual from making a decision only in the best interests of the School;
 - c) **Conflict of commitment:** where an individual's engagement in outside professional activity, paid or unpaid involves a commitment of time that may conflict with their role and obligations to the School.

5. Avoiding conflicts of interests

- 5.2. A conflict of interest may arise where an individual might be seen to be influencing School matters for actual, potential or perceived personal benefit. Such a conflict may arise in a situation when an employee, governor or registered student 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. This may include unremunerated interests, positions of authority held

or other significant involvement in other organisations, e.g. charitable, political or other educational bodies. It is particularly important for Council Members and senior management involved in procurement to disclose interests they have in, or with, any organisation from whom the School procures goods or services.

- 5.3. 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. In thinking about whether there is any conflict between decisions which they are making, and their own personal interests the common law test for bias is whether a fair-minded and informed observer would have any reason to suspect that an individual's impartiality might be compromised¹.
- 5.4 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.
- 5.5. Examples of situations in which conflicts of interest might arise, include:
- a) where there is actual, potential or perceived personal gain or gain to an immediate family/close contact/associate;
 - b) where there is actual, potential or perceived financial gain which may be seen to influence action or decision making;
 - c) where an individual is in a position whether actual, potential or perceived to directly or indirectly enhance their career or the career of others with whom they are personally associated;
 - d) where there is actual, potential or perceived reputational impact for either the School or the individual personally.
- 5.6. Further examples are listed in Annex B.
- 5.7. In relation to extracurricular commitments that may create conflict, individuals covered by this policy should ensure that they do not enter into commitments or engage in activities which are inconsistent with their terms and conditions of employment and School or terms of appointment for governors, 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. Staff should also consult School policies and guidance on External Paid Activities.

6. When Should A Conflict Of Interest Be Declared?

- 6.1. Every member of the School should promote the Ethics Code values that the School represents and should therefore declare any interests that might lead to an actual, potential or perceived conflict of interest as soon as they are aware of them. An individual may not themselves determine whether there is a conflict and, if so, how it is managed. The School will be able to manage any actual, potential or perceived conflicts of interest more easily and readily if they

¹ The test for bias was set out in Lord Hope in *Porter v Magill* [2002] 2 AC 357.: "The question is whether the fair-minded and informed observer, having considered the facts, would conclude that there was a real possibility that the [Tribunal] was biased"

are aware of such conflicts from the outset. While an interest may not appear to give rise to a conflict, in the interests of transparency, it should be declared.

- 6.2. Where an individual covered by this policy is also a board member or director of any funding organisation proposing to fund an activity at the School there may be 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 be 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 relevant 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.

6.3 Failure to disclose an interest, providing an incomplete or inaccurate disclosure, failing to seek approval or failing to appropriately manage a Conflict of Interest may constitute misconduct or a breach of conditions of registration and may result in disciplinary action being taken by the School.

7. How To Declare A Conflict Of Interest

- 7.1. All employees and governors should complete the Annual Declaration of Interests exercise. In addition employees and governors should disclose any interests that might lead to an actual, potential or perceived conflicts of interest as soon as they are aware of them.
- 7.2. Employees and governors should not to be involved in any decision making process including appointment panels without having completed the Annual Declaration of Interest Register.
- 7.3. 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.
- 7.4. 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 to ensure that the conflict is recorded and 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 either actual or perceived 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 whether the member concerned can:
 - i. Fully participate in the business of the committee or board with no restrictions;
 - ii. remain in the meeting where the conflict of interest is considered but not participate in discussions;
 - iii. withdraw from the decision making process in relation to the conflict of interest;
 - iv. withdraw entirely from the business of the committee or board.

- 7.5. If the Chair has a conflict, the committee should agree for the Deputy Chair or another appropriate member to act as Chair for the item.
- 7.6 In respect of Council members, additional provisions for the management of members (including the Chair) actual, potential or perceived conflicts of interests and conflicts of loyalty should be followed. A conflict of loyalty may occur where a Council member's loyalty or duty to another person or organisation could prevent them from making a decision only in the best interests of the School. Members of Council should be mindful of the potential for bias in decision making and, with the School Secretary, should consider whether there is the potential for actual or perceived bias in fulfilling their various roles at the School. The provisions for the Management of Declaration of Interests by Council Members are set out in Annex A.
- 7.7. In order to report on the operation of this policy all declarations of conflicts of interest should be reported to the Ethics Manager. These should include details of the facts, who undertook the assessment and what action was taken as a result.

8. What Happens When You Declare A Conflict of Interest?

- 8.1. All declared actual, potential or perceived conflicts of interests should be considered by a Head of Department, Service Leader or Committee Chair. The reviewer should determine what, if any, further action is required. Individuals should not determine how to appropriately manage their declarations.
- 8.2. 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 and potential for bias. These include but are not limited to:
- a) The seriousness of the actual, potential or perceived conflict;
 - b) how closely the two interests concern each other;
 - c) the magnitude of the actual, potential or perceived 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 actually affect or be perceived to affect 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.

9. Potential Outcomes

9.1. NO CONFLICT EXISTS

9.2 Where the Head of Department or Service Leader or Committee Chair determines that there is no conflict of interest, this should be formally recorded and reported to the Ethics Manager. An explanation and any supporting documentation should be included as to why it was concluded that no conflict arose.

9.3 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 do not represent a conflict.

9.4 CONFLICT DOES EXIST

9.5. Once a conflict of interest is deemed to exist the Head of Department or Service Leader or Committee Chair will determine the appropriate resolution. These may include:

- a) **Continue:** be permitted to continue, where the conflict is considered to be insignificant;
- b) **Continue:** seek a formal exemption to allow participation (if such a legal power applies);
- c) **Continue with restrictions or additional oversight:** additional oversight or review over their activity in relation to the particular project;
- d) **Withdraw:** for the individual to withdraw from any discussions in relation to the particular project or from making any decisions in relation to the particular project;
- e) **Reassign:** refer the decision, tasks or duties to others; or
- f) **Relinquish:** for the individual to stand aside from any involvement in the particular project.

9.6. Heads of Department or Service Leaders or Committee Chairs may refer any unresolved matter to the School Secretary through the Ethics Manager.

Annex A: Management of Declaration of Interests by Council Members

Introduction

1. In respect of Council Members the following provisions will apply:
 - 1.1 All Council Members will be required to complete the Declaration of Interests form prior to appointment and annually. This includes declaring associations with organisations, relationships, property and any other potential conflicts.
 - 1.2 As soon as a Council Member becomes aware of an interest that may be of relevance to the business of Council or one of its committees, the declaration shall be made as soon as practicable either at the meeting or in advance to the Chair or to the School Secretary. An individual may not themselves determine whether there is a conflict and, if so, how it is managed.
 - 1.3 Failure to declare an interest, or to provide full and complete information, may lead to the matter being referred directly to the Governance Committee for consideration as to whether the member concerned may participate in relevant business.

Reviewing Declarations of Interests by Council Members

2. The School Secretary, or their designated representative, will review all declared interests to determine:
 - 2.1 whether there is a conflict of interest as determined by the School Policy;
 - 2.2 in the event that there is a conflict of interest, whether this can be managed to allow the member in question to participate in the business of Council or whether the matter should be referred to the Governance Committee.

Managing Declared Conflicts of Interests by Council Members

3. Having registered the declared interest, the School Secretary, or her/his designated representative, will determine the process for managing any such interest. The School Secretary, or her/his designated representative, will determine the strategies needed to be employed to manage any declared Conflicts of Interests by Council Members.
4. In deciding which course of action to take, the School Secretary, or her/his designated representative:
 - 4.1 must always make their decisions only in the best interests of the School;
 - 4.2 must always protect the School's reputation and be aware of the impression that their actions and decisions may have on those outside the School;
 - 4.3 must always be able to demonstrate that they have made decisions in the best interests of the School and independently of any competing interest;
 - 4.4 may require the withdrawal of the affected Council Member from any decisions where the

other interest is relevant to a high risk or controversial decision or could significantly affect, or could be seen to significantly affect, the Member's decision making at the School;

- 4.5 must be aware that the presence of a conflicted Council Member can affect trust between Council Members, could inhibit free discussion and might influence decision making in some way.
5. If the School Secretary, or their designated representative, is of the view that a complex situation or conflict of interest requires further consideration or cannot be managed the matter will be referred to the Governance Committee for immediate consideration. The Governance Committee will consider the matter and decide that having registered and fully declared the interest the Council Member concerned may either:
 - 5.1 Fully participate in the business of Council with no restrictions;
 - 5.2 remain in the meetings where the conflict of interest is considered but not participate in discussions;
 - 5.3 should withdraw from the decision making process in relation to the conflict of interest; or
 - 5.4 should withdraw entirely from the business of Council either permanently or for a specified period of time.
6. A report will be made annually to the Governance Committee to confirm the decisions of the School Secretary [or their designated representative].
7. Where conflicts of interest are declared at a meeting the committee concerned will follow 7.4b in the policy to consider how the member may proceed.
8. The School Secretary, or her/his designated representative, can ask a Council Member to provide any information necessary to help make a decision in the best interests of the School. Where the interest concerns positions of authority held, or other significant involvement in, a third party organisation, the School Secretary, or their designated representative, may consider approaching that third party organisation for relevant information about the conflict of interest.

Managing Declared Conflicts of Interests and Confidential Information

9. Council Members cannot use information obtained at, or disclosed by, the School for their own benefit, or that of another organisation, if it has been obtained or disclosed in confidence, or has the quality of confidence about it, such commercial sensitivity.
10. If it is agreed that the conflict of interest can be managed, Council must be satisfied that the affected Council Member understands and will abide by our rules on confidentiality in that they cannot use information obtained at the School for their own benefit or that of another organisation if it has been obtained in confidence or has quality of confidence such as commercial sensitivity.

Annex B: Examples of Potential Conflicts of Interests

Paid employment

This includes self-employment, offices held (such as public appointments) or employment where regular income is received.

Trustee benefits

Trustee benefit is any instance where money or other property goods or services which have monetary value are received by the trustee. The law says that trustees cannot receive a benefit from their charity unless they have an adequate legal authority to do so. This does not include:

- i. reasonable expenses that Council Members are entitled to claim;
- ii. remuneration and salary-related benefits that are provided for in the employment contracts of members of staff who are also Council Members.

Directorships

All paid directorships and unpaid directorships should be declared.

Relationships

Personal relationships may give rise to a conflict of interest as they may be seen to bias decisions relating to procurement, recruitment, allocation of duties, promotion, admissions or assessment.

Clients/Consultancy

Other than those identified above, clients to which services are provided (or through his or her employer or company) that arise out of Council membership or School employment should be declared.

Gifts, Hospitality or Services

The School's Gifts and Hospitality procedure should be followed.

Land

Other than a home used solely for personal accommodation, Council members, governors and employees are asked to declare personal or commercial property which may lead to an association with the School. This includes leasing or renting to or from the School, living in School buildings or buying or selling property to or from the School.

Shareholdings

Council members, governors and employees are asked to declare the name of all public and private companies or other bodies in which they or those close to them have a beneficial interest. Shareholdings amounting to less than 5% of the issued share capital, or where the nominal value of the holding is less than £25,000, do not need to be registered.

Other

Interests that do not fall into the above categories but may give rise to a conflict. For example, unremunerated interests, positions of authority held or other significant involvement in other organisations, e.g. charitable or political or other educational bodies. It is particularly important for members of the governing body and senior management involved in procurement to disclose interests

they have in, or with, any organisation from whom the University procures goods or services. Where the interest is of relevance to the business of Council or one of its committees, the declaration shall be made as soon as practicable either at the meeting or in advance to the Chair or School Secretary.

Review schedule

Review interval	Next review due by	Next review start
3 years	End of Lent Term 2022	Jan 2022

Version history

Version	Date	Approved by	Notes
1	17 May 2016	Council	
2	14 May 2019	Council	

Links to related documents

Reference	Link
Ethics Code	https://info.lse.ac.uk/staff/services/Policies-and-procedures/Assets/Documents/ethCod.pdf
Conflicts of interest: a guide for charity trustees	https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29
Conflicts of Interest: Declaring conflicts of interest during the recruitment process (Human Resources).	https://info.lse.ac.uk/staff/divisions/Human-Resources/Assets/Internal/staff/Recruitment/Declaration%20of%20conflict%20of%20interest_June17.pdf
Guidance on Personal Relationships at Work (Human Resources).	https://info.lse.ac.uk/staff/services/Policies-and-procedures/Assets/Documents/perRelPolAndPro.pdf
Whistleblowing Policy.	https://info.lse.ac.uk/staff/services/Policies-and-procedures/Assets/Documents/lsePubIntDisPro.pdf
Conflicts of Interest and Annual Declaration of Interests webpage	https://info.lse.ac.uk/staff/divisions/Governance-Legal-and-Policy/Ethics/Conflicts-of-Interest-and-Annual-Declaration-of-Interests
Paid External Activities Policy and Procedure for Senior Staff	

Contacts

Position	Name	Email	Notes
Ethics Manager	Stephanie Allison	ethics@lse.ac.uk	020 7955 7975

Communications and Training

Will this document be publicised through Internal Communications?	Yes
Will training needs arise from this policy	Yes
If Yes, please give details: Conflict of Interests is included in the School's Ethics at LSE module and other key ethics trainings such as the Flying Start induction for Professional Service Staff and the Annual Academic Induction	