



Trustees Policy for the Management of Conflicts of Interest

Trustees have a legal duty to act in their charity's best interests when making decisions. If there is a decision to be made where a trustee has a personal or other interest, this is a conflict of interest. Conflicts of interest are common in charities – having a conflict of interest doesn't mean any wrongdoing has occurred, but trustees need to act to prevent them from interfering with their ability to make a decision only in the best interests of the charity.

Introduction

The Charity Commission defines uses the term 'conflict of interest' to mean any situation in which a trustee's personal financial interests may (or may appear to) influence or affect the decisions made by a trustee for their charity

A three-step approach to managing potential conflicts of interests is recommended by the Charity Commission: identify potential conflicts of interest, prevent effects on decision making and record actions and outcomes.

Legal requirement: a trustee must declare a conflict of interest immediately they are aware of any possibility that their personal or wider interests could influence their decision-making.

Identification of conflicts of interest or loyalty

A charity Trustee must:

- (1) declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Charity or in any transaction or arrangement entered into by the Charity which has not previously been declared; and
- (2) absent himself or herself from any discussions of the charity Trustees in which it is possible that a conflict of interest will arise between his or her duty to act solely in the interests of the Charity and any personal interest (including but not limited to any financial interest).
- (3) The Secretary shall ensure that an item 'Declaration of any Conflict of Interest' be placed at the start of every meeting of the Trustees.

Any charity Trustee absenting himself or herself from any discussions in accordance with this clause must not vote or be counted as part of the quorum in any decision of the charity Trustees on the matter.

New trustees will be asked to declare any potential conflicts of interest before appointment.

Management of potential conflicts of interest

Once a conflict of interest is identified, the other trustees unaffected by the conflict will either:

- finding an alternative way forward which doesn't involve the conflict of interest (particularly if the issue is serious)
- take appropriate steps to manage the conflict (if it's less serious), which will usually mean that the person affected doesn't take part in discussions about the issue

The trust deed does not provide any specific instructions on managing conflict of interest but attention is drawn to Standing Order paragraph (3) – see above.

The trustees will have to ask the Charity Commission to authorise a decision in advance if:

- it is going to involve any benefit to a trustee that hasn't already been authorised
- the conflict of interest is serious but there's no alternative way forward that will remove it
- most or all of the trustees share the conflict of interest

A benefit is defined as a financial or other measurable benefit from a charity's funds in return for work carried out for the charity by a trustee or 'connected person' (family, relatives or business partners of a trustee). Benefits can include free use of the charity's facilities or services for which users would normally have to pay.

Recording a conflict of interest

A written record of the conflict of interest and how it was dealt with will be made in the minutes of the relevant trustees' meetings and/or summarised in a separate document. The following points will be covered:

- what sort of conflict of interest it was
- which trustee or trustees were affected
- if any conflicts of interest were declared in advance
- an outline of the discussion
- if anyone withdrew from the discussion
- how the other trustees made the decision in your charity's best interests

References

The Charity Commission Guidance: Manage a conflict of interest in your charity (2013) accessed via www.gov.uk/guidance/manage-a-conflict-of-interest-in-your-charity#how-to-identify-a-conflict-of-interest (date of access 03.09.20)

The Charity Commission Guidance: Trustee expenses and payments (2012) accessed via <https://www.gov.uk/government/publications/trustee-expenses-and-payments-cc11/trustee-expenses-and-payments#paying-trustees-for-services> (date of access 03.09.20)

Version control

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