

## **FRAMPTON ON SEVERN COMMUNITY ASSOCIATION**

### **CONFLICT OF INTEREST POLICY**

#### Definition

A 'conflict of interest' arises when the best interests of an individual trustee are, or could be, different from the best interests of the charity itself. This may be something that affects the trustee directly, or indirectly, such as where the interests of the charity conflict with the interests of the relevant Affiliated Group.

#### Statement of Intent

Frampton on Severn Community Association is committed to ensuring its decisions and decision-making processes are, and are seen to be, free from personal bias and do not unfairly favour any individual or Affiliated Group connected with the charity.

#### Policy

It is the policy of Frampton on Severn Community Association to:

- Ensure every trustee understands what constitutes a conflict of interest and that they have a responsibility to recognise and declare any conflicts that might arise for them.
- Document the conflict and the action(s) taken to ensure that the conflict does not affect the decision-making of the organisation

#### Procedure

When a trustee identifies that they have a potential conflict of interest they must:

- Declare it as soon as they become aware of it
- Ensure it is entered in the conflict of interest register (ongoing conflicts), and/or minuted in the appropriate committee papers (one-off conflicts)
- Not take part in any board discussions relating to the matter
- Not take part in any decision making related to the matter
- Not be counted in the quorum for decision making related to the matter

In the interests of frank and open discussion, a trustee affected by a conflict of interest must leave the room while related discussion / decision making is taking place, unless there is good reason for them to stay.

The minutes should state:

- The declared conflict
- That the trustee left the room, or the reason they were asked to stay.
- That the trustee took no part in discussion or decision making on the matter
- That the meeting was quorate (not counting the affected trustee)
- Any other actions taken to manage the conflict

If a trustee is unsure what to declare, they should err on the side of caution and discuss the matter with the Chair or Secretary for confidential guidance.

## **CONFLICT OF INTEREST – BACKGROUND INFORMATION**

A 'conflict of interest' arises when the best interests of an individual trustee are, or could be, different from the best interests of the charity itself. This may be something that affects the trustee directly, for example: A trustee owns a building company which is currently a little short on work, and the charity needs some building work done.

As an individual, the trustee would like the work to be given to her company, but as a trustee she has a responsibility to choose the best company for the job – which might or might not be her own company.

Or it may be something that affects the trustee indirectly, through a family member or friend or business partner, for example: The charity is offering a new play scheme for children with disabilities, but the number of places available is very limited. One of the trustees has a disabled nephew who would very much like to take part in the new scheme.

As an individual, the trustee would like his nephew to be given a place on the scheme, but as a trustee he has a responsibility to make sure the places are offered on a fair basis to those that need them most – which might or might not include his nephew.

Conflicts of interest may be ongoing, for example a trustee who is related to a service user or who is also a trustee for another local organisation or grant-maker; or they may be one-off, for example awarding a one-off contract.

A 'conflict of loyalty' is a particular kind of conflict of interest where the duties the trustee owes to another body or organisation are, or could be, in conflict with the duties the trustee owes to the charity. For example: A trustee sits on two different trustee boards and both organisations are planning to apply for the same funding opportunity which is competitive and which only one organisation can win.

In some cases, an ongoing conflict may affect a trustee's ability to participate in decisions so often or so much, that it is impractical for the trustee to continue in post (or to accept the post of trustee in the first place).

### **What is a Trustee's Duty?**

Trustees have a duty to put the best interests of the charity first and to safeguard the assets and reputation of the charity. Trustees in a charity which is also a Company, additionally have a duty to avoid conflicts of interest.

By law, trustees must not receive any benefit from their charity, either directly for themselves, or indirectly for friends and family, in return for any service they provide to the charity unless they have express legal authority to do so. Express legal authority may be contained in the charity's governing document or on rare occasions come from the Charity Commission or Courts.

'Benefit' does not only mean financial benefit, but favourable treatment of any kind which could be said to have a financial value. This includes biased access to services or employment opportunities.

In practice, whilst this almost always means that trustees cannot receive benefit for their work as a trustee, in many instances they can be paid for additional services which are not part of their trusteeship, such as the example of the building work given above, provided it

is in the best interests of the charity. It is important to check what your particular governing document allows you to do and to read the Charity Commission guidance on the matter (CC11 – Trustee Expenses and Payments).

However this doesn't mean a trustee cannot be reimbursed for expenses – on the contrary, making sure that expenses can be reimbursed is good practice. Any costs that are necessary to allow a trustee to carry out his or her duties as a trustee are legitimate expenses and can be paid back by the charity (against receipts) or met directly by the charity. This can include, for example, travel costs or the cost of providing care for a dependent whilst attending a trustee meeting or when undertaking trustee business, or training costs.

The 'no benefit' requirement also doesn't mean that a trustee or their friends and family cannot receive services from the charity provided that they receive them on exactly the same basis as anyone else.

Of course there are intangible benefits to trusteeship – ones that the trustee does not receive at the expense of anyone else and which are a corollary of carrying out their trustee role, for example, increased skills and knowledge, a wider circle of colleagues and friends, and a sense of fulfilment and achievement. In general, these do not give rise to conflicts of interest.

#### What Problems Can Arise?

Conflicts of interest can give rise to a number of problems. They may: • result in decisions or actions that are not in the best interests of the charity • risk the impression that the charity has acted improperly • prevent frank, open discussion. Even the appearance of a conflict of interest can damage the charity's reputation, so conflicts need to be managed carefully and with transparency.

#### What should we do?

Write, adopt and follow a conflict of interest policy.

#### How Does That Help?

A conflict of interest policy makes it clear that the charity is committed to ensuring its decisions and decision-making processes are, and are seen to be, free from personal bias and do not unfairly favour any individual connected with the charity.

It protects both the organisation and the individuals involved from any appearance of impropriety and provides guidance on what to do when conflicts arise.

It provides a clear framework and process to make sure that conflicts are handled consistently and properly.