

# NEWTON AND BYWELL COMMUNITY TRUST

## Conflict of Interest Policy

### 1. Definition

A conflict of interest is 'any situation in which a trustee's personal interests or interests which they owe to another body and those of the charity arise simultaneously or appear to clash'.

### 2. Identifying conflicts of interest

Trustees must be able to identify conflicts of interest when they arise and to ensure, if they receive a material benefit as a result of a conflict of interest, that the benefit is authorised. The Charity Commission will provide authority where there are clear advantages to the charity.

#### 2a) Conflicts of interest may be:

##### **Direct financial gain or benefit, such as:**

- payment to a trustee for services provided to the charity
- the award of a contract to another organisation in which a trustee has an interest and from which a trustee will receive a financial benefit
- the employment of a trustee in a separate post within the charity, even when the trustee has resigned in order to take up the employment
- trustees as directors of a subsidiary trading company
- sale of land to a trustee
- use of trustee's property by the charity

##### **Indirect financial gain, such as:**

- employment by the charity of a close relative of a trustee
- non-financial gain, such as when a user of the charity's services is also a trustee (conflict may arise when a decision taken by the trustees will confer a direct tangible benefit on the user trustee which is exclusive to him or her and which is not shared with other users)
- conflict of loyalties, such as where a trustees' loyalty to the charity conflicts with their loyalty to the body which appointed them, to another charity of which they are a trustee or to a member of their family.

#### 3) Benefits which do not need to be authorised include:

- reasonable expenses incurred by a trustee in carrying out his or her duties as a trustee, e.g. travel costs, cost of providing care for a dependent whilst attending a trustee meeting or when undertaking trustee business
- cost of providing special transport, equipment or facilities for any trustee with a disability
- benefits that are available to all, or that are of inconsequential or little measurable value

#### 4) Declaring a conflict of interest

Any actual or potential conflict of interest should be declared as soon as it arises, and specifically at:

- appointment - any prospective trustee must complete a Declaration of Interests form prior to confirmation of appointment. This document must be made available to fellow trustees and appropriate management in order that relevant matters can be taken into account for the avoidance of conflicts of interest.
- annually at each AGM
- when anything significant changes
- verbally - at any meeting where specific relevant conflicts may arise, the trustee should take no further part in the discussions on that issue.

#### 5) Managing conflicts of interest

All trustees need to be alert to possible conflicts of interest and how they can minimise the effects. It is the responsibility of each trustee to declare any matters which they feel may present actual or potential conflicts. Trustees may seek the advice of the Chair who in turn may then seek legal advice. If in any doubt it is always better to make a declaration.

The charity's Annual Report and Accounts must disclose any properly authorised payments or financial benefits to Trustees.

#### 6) The Register of Conflicts of Interest

Trustees should establish a register of interests which should be regularly updated and include the following:

- membership of or board positions with other bodies
- other employment, voluntary work and/or trusteeships
- significant participation in any form of campaigning or political body
- details of any relationship with any service user, employee, suppliers of services, funders or other trustees

Should any trustee become aware of any potential undeclared conflict of interest it is their duty to inform the Chair in the first instance. If they do not feel the matter is being addressed it should then be raised at a Trustees meeting. If they feel it has still not been addressed they may seek guidance from the Charity Commission. They should generally notify the Chair.