

BRIGHTON & HOVE ARCHAEOLOGICAL SOCIETY

CONFLICT OF INTEREST POLICY

Trustees must make decisions based only on what is best for the charity. Do not allow your personal interests, or the interests of people or organisations connected to you, to influence these decisions.

Definitions of conflicts of interest

There are two common types of conflict of interest: financial conflicts and loyalty conflicts.

Financial conflicts

These conflicts happen when a trustee, or person or organisation connected to them, could benefit financially or gain any other benefit of value resulting for a trustee decision. They do not include a trustee's expenses – for example, for going to a charity meeting.

Some common examples

Financial conflicts for a trustee happen if your charity is deciding whether to:

- pay the trustee for doing their trustee role (more than their expenses)
- employ or pay the trustee, or their relative, for some work at your charity, or its trading company
- sell, loan or lease charity assets (land or anything else the charity owns) to the trustee
- buy, borrow or lease charity assets from the trustee
- buy goods from a business owned by the trustee

It still counts as a conflict, even if your charity would get a good deal for its money.

Loyalty conflicts

These conflicts are not about money or other trustee benefits. They happen when, for other reasons, a trustee might not be able to make decisions that are best for the charity.

Some common examples

They can happen if the charity's decision involves a person or organisation linked to a trustee. For example:

- the trustee's employer
- another charity where they are a trustee
- an organisation that appointed them as a trustee
- their relatives or friends

There can be a conflict because the trustee's responsibility (or loyalty) to the other organisation or person could compete with their responsibility to the charity.

Conflicts can affect all types of charities and must be identified and dealt with properly. All trustees must do this, not just the trustee with the conflict. Otherwise, you will not meet your joint legal responsibility to make decisions:

- based only on what is best for your charity
- without influence from your personal interests

Follow these 4 steps:

Declare conflicts of interest (step 1)

You must tell the other trustees if you personally have a conflict of interest. Do this early, before discussions or decisions happen.

Do not ignore something that might be a conflict for you or another trustee. Talk to the other trustees if you are unsure.

You and the other trustees should:

- identify and declare conflicts at the start of meetings - have this as a standard agenda item
- keep and update a register of interests

Consider removing conflicts of interest (step 2)

As trustees you have to take action to stop the conflict from affecting your decision.

What you need to do depends on your situation, but you must decide based only on what is in the best interests of your charity.

You must consider if it is best for the charity to remove the conflict. This is particularly important if it is a serious conflict – more about serious conflicts below.

If you decide that you do not need to remove the conflict, you must prevent it from affecting your decision in a different way. Use the following steps to manage it.

Manage conflicts of interest (step 3)

Check that any trustee payments or benefits are authorised

You must not allow a trustee - or organisations or people connected to them - to benefit from your charity, unless it's allowed by (any of the following):

- rules in your charity's governing document
- the law

- the Charity Commission or the Court

Even if a trustee benefit is allowed, you still must be rigorous in your management of the conflict of interest.

Follow any specific rules on managing the conflict

Check and follow:

- your charity's governing document
- any directions from the Charity Commission, for example if the Commission has given your charity permission to benefit a trustee
- other legal rules that apply to your charity

As a minimum, the rules should require that the conflicted trustee:

- absents themselves from relevant discussions
- does not take part in the decision or vote
- is not counted in the quorum

All trustees are legally responsible for making sure the conflict is managed by following the right process.

Keep a record of conflicts of interest (step 4)

Record:

- what the conflict was
- who or what it affected
- when it was declared
- how you managed it

This will help to show that you have acted properly.

What to do about serious conflicts of interest

Common examples of serious conflicts are where:

- a majority of the trustees have a conflict
- there is a single trustee, for example, a company or local authority and they have a commercial interest in the charity decision
- your decision involves significant money or risk, and there is a conflict

In these types of situation, consider these options.

Can you remove the conflict? Consider:

- changing your plan
- asking a conflicted trustee to resign

- deciding not to appoint a conflicted person

Can you appoint additional trustees not affected by the conflict?

Take legal advice if unsure. A charity can pay for this when taking advice for the charity only. Consider if you need to ask the Charity Commission to authorise your decision in very high-risk cases.