

**CONFLICTS OF INTEREST POLICY**

**Date approved by Board: 12th June 2024**

**Date for next Review June 2026**

**CONFLICTS OF INTEREST POLICY**

Conflicts of interest affect charities of all types and sizes, potentially leading to decisions that are not in the charity’s best interest, are invalid or open to challenge. Such conflicts of interest can damage a charity’s reputation or public trust, and confidence in charities generally.

These harmful effects can be prevented where individual Trustees can identify potential conflicts of interest, and the Board of Trustees acts to prevent them from affecting their decision making.

All Trustees have a legal duty to act only in the best interests of their charity. The majority of Trustees have a multiplicity of interests, personal, domestic and professional that may, on occasion, compete with those of TLT. It is acknowledged that a Trustee’s personal and professional connections can bring benefits to the work of a charity but they can also give rise to conflicts of interest, to which the Trustees must respond effectively. It is almost impossible to avoid conflicts altogether, particularly in the context of charities seeking to appoint Trustees with skills and experience of the wider economic community. If conflicts cannot be avoided, they need to be managed effectively.

The existence of a conflict of interest does not reflect on the integrity of the affected Trustee, so long as it is acknowledged and properly addressed and managed.

It is recommended that all TLT Trustees read the guidance from the Charities Commission on Conflicts of Interest (CC29) alongside this policy.

1. **Identifying Conflicts of Interest**

A Conflict of Interest is any situation in which a Trustee’s personal interests or loyalties could, or could be seen to, prevent the Trustee from making a decision that is only in the best interests of Transforming Lives Together.

Conflicts of interest arise when the interests of Trustees, or “connected persons” are incompatible or in competition with the interests of TLT. Such situations present a risk that Trustees will make decisions based on these external influences, rather than the best interests of TLT.

**1.1 Connected Persons**

Section 188 Charities Act 2011 defines a ‘connected person’ as:

a) a child, parent, grandchild, grandparent, brother or sister of a Trustee;

b) spouse or civil partner of Trustee, or of (a) above;

c) business partner of Trustee or (a) or (b);

d) institution controlled i) by Trustee or (a), (b), or (c) above or ii) by two or more persons falling within i) when taken together;

e) a body corporate which i) the Trustee or connected person in (a) to (c) has a substantial interest or, ii) two or more persons falling within i) when taken together have a substantial interest.

Specific requirements related to ‘connected persons’ in the sale of land or other property belonging to the charity are contained s.118 of the Charities Act 2011.

**1.2 The most common types of conflict include:**

**Direct financial interest** – when a Trustee obtains a direct financial benefit via:

* The payment of a salary to a Trustee by TLT
* The award of a contract to a company with which a Trustee is involved
* The sale of property at below market value to a Trustee

**Indirect financial interest** – when a close relative of a Trustee benefits from TLT e.g.

* The awarding of an employment contract to a Trustee’s spouse; and
* Making a grant to a Trustee’s dependent child

**Non-financial or personal conflicts** – occur where Trustees receive no financial benefit, but are influenced by external factors e.g:

* Influencing Board decisions on service provision to their own advantage, perhaps because they use TLT’s service themselves or care for someone who does
* To gain some other intangible benefit or kudos
* Awarding contracts to friends

**Conflicts of loyalties** – Trustees may have competing loyalties between TLT, to which they owe a primary duty, and some other person, entity or organisation (for example, their employer).

All Trustees should remain alert to the fact that whatever information they acquire by virtue of their Trusteeship should remain confidential and not be used to the advantage of themselves, an external individual, or entity.

Where a Trustee is known to have an interest in a decision, the remaining Trustees may feel under pressure, whether express, implied or simply imagined, to decide in the interests of their fellow Trustee. It is essential that the Board recognises and remains able to make decisions free of these emotional influences.

1. **Declaration of interests**

**2.1** Potential and new Trustees should be given a copy of this policy and informed that they will be expected to declare their interests on appointment. All Trustees will be asked to update their declaration of interests annually and when any material changes occur.

**2.2** On completing a declaration of interests, the following areas should be considered:

* Employment
* Any previous employment in which the Trustee still has a financial, or other interest
* Any other appointments (voluntary or otherwise) e.g. Trusteeships, directorships, local authority membership, tribunals
* Professional and organisational membership
* Investment in unlisted companies, partnerships and other forms of business
* Major shareholdings and beneficial interests
* Gifts or hospitality offered to the Trustee by external bodies and whether this was declined or accepted
* Family connects where relevant
* Using, or caring for a user of, the organisation’s services
* Any contractual relationship between the Trustee or a connected person and TLT.

1. **Register of Interests**

The senior member of staff will be responsible for keeping the register of interests up to date. It should be accessible by members of the Board of Trustees as well as senior staff. The Trustees are at liberty to decide if, when, and to what extent public access to the register should be allowed, in order to further the interests of accountability and transparency.

1. **Process for managing conflict of interests**

**4.1** When a conflict of interest does arise, it is the responsibility of the Trustee in question to declare such a conflict to the Board. If said Trustee fails to do so, the Chairman of the Trustees should declare the conflict. It is advisable at the start of the Board meetings to request declaration of any interests in relation to any items covered on the meeting agenda, ensuring that appropriate action can be taken and formal records made.

**4.2** If a Trustee believes they have a perceived or real conflict of interest, they should declare the interest at the earliest opportunity and withdraw from discussions and decisions relating to the conflict.

**4.3** The person taking the minutes for the meeting should take special care to ensure that minutes or other documents relating to the item presenting a conflict are appropriately redacted for the person facing the conflict. A balance needs to be made to ensure that the person still receives sufficient information about the activities of TLT generally without disclosing such sensitive information that could place the individual in an untenable position.

**4.4** If the Trustee is a user of TLT’s services, or the carer of someone who benefits from TLT’s services, then they should not be involved in decisions that directly affect the service that they, or the person they care for, receive(s). This Trustee should declare their interest at the earliest opportunity and withdraw from any subsequent discussion, unless expressly invited to remain in order to provide information. In this case, the Trustee may not participate in, or influence, the vote on the matter. This Trustee cannot be counted in the quorum for that part of the meeting, and must withdraw from the meeting during any vote on the conflicted item.

**4.5** When taking a decision in which a Trustee has a declared interest, all decisions should be made by vote. A quorum must be present for the discussion and decision. Interested Board members may not vote on matters affecting their own interests.

**4.6** All decisions under a conflict of interest should be reported in the minutes of the meeting, recording the nature and extent of the conflict, an outline of the discussion and the actions taken to manage the conflict.

**4.7** Where a Trustee benefits from the decision, this should be reported in the annual report and accounts in accordance with the current Charities SORP, as issued by the Charity Commission for England and Wales

**4.8** Where a member of TLT’s staff is connected to a party involved in the supply of a service or product to TLT, this information should be fully disclosed in the annual report and accounts.

1. **Related policies and documents**
* Trustee Recruitment and Induction
* Trustee Declaration of Interests
1. **Approval and Review**

Date Policy Approved: 12th June 2024

This policy will be reviewed every 2 years unless circumstances require earlier attention.