

11 Additional Policies

11.10 Conflict of Interest Policy

Policy statement

Our Trustees have a duty to act in the best interests of Little Acorns (Colleton) Pre-School CIO and must not use their position as Trustee to their own personal benefit. Conflicts of interest occur when a Trustee's personal interests or the interests of an organisation or person connected to the Trustee, have the potential to conflict with the interest of the charity. Trustees must avoid all situations that may possibly lead to a conflict of interest and also have a legal duty to declare any potential conflicts of interest between themselves (or a connected person or organisation) and the charity. Prior legal authorisation is also required in any situation where a Trustee potentially stand to receive a material benefit from the charity.

The purpose of this policy is to provide a procedure for recognising situations which can lead to potential or actual conflicts of interest and to create a clear transparent process for declaring and managing these conflicts. All prospective Trustees are made aware of the conflicts of interest policy and to encourage transparency. A copy is also made available publicly on littleacorns-twxford.co.uk

Procedures

Types of Conflict of Interest

A conflict of interest can arise for a Trustee in situations where there is the potential for:-

- Direct financial gain or benefit: circumstances that involve a Trustee receiving a direct financial gain or benefit might include:-
 - A paid employee of the charity becoming a Trustee
 - Employing a Trustee to work within a paid post in the charity
 - Paying a Trustee or an organisation which the Trustee have a financial interest in, for services provided to the charity
 - Paying a Trustee for work they carry out as part of their Trustee duties
 - Selling charity equipment or land to a Trustee
 - A Trustee providing a loan to the charity
 - A waiver or reduction in childcare fees for a Trustee

- Indirect financial gain: this can include the employment of a Trustee's partner by the charity as the Trustee may benefit indirectly from their partners salary

- Non-financial gain: a non-financial gain can include if a Trustee is treated favourably when using the services of the charity solely for the reason that they are a Trustee, such as if they were given priority above other families when applying for childcare sessions
- Conflicts of loyalty or duty: these might arise for Trustees if:
 - A partner, relation or close friend is employed by the charity
 - They are a Trustee, employee or member of another organisation that has dealings or may be in direct competition with the charity e.g. for a funding bid

Authorisation for a Trustee to receive a benefit

Conflicts of interest are often created when a Trustee stands to profit or personally benefit, either directly or indirectly, from the charity or their role, explicit legal authority must be obtained from the governing document, the charity commission or a court of law before any Trustee receives financial or material benefit from the charity. There are limited circumstances where a benefit will not require authority i.e. reasonably incurred expenses. Benefits that are available to anyone and not just the Trustees also do not require authorisation. All benefits and payments to Trustees must be clearly detailed in the charity's accounts.

Procedure for dealing with conflicts of interest

- The charity maintains a Trustee register of interests to help recognise any potential conflicts of interest or loyalty for the Trustees, recording information as follows:-
 - Sources of significant income of the Trustees (not including the amount)
 - Significant business interest including property holdings
 - Membership or board positions in other organisations
 - Significant participation in any form of a campaigning or political body
 - Details of any third parties that the Trustee deals with on a regular basis
 - Relationships with any employees of the charity, any potential employees, suppliers, service providers or funders to the charity
 - Situations where the Trustee has the opportunity to benefit, including whether authority has been obtained
- Trustees are asked to continue a declaration of interests form, disclosing any knowledge of possible conflicts of interest with the work of the charity when invited to join the charity and this must be reviewed on an annual basis to keep the register up-to-date
- Significant interests for prospective Trustees will be pointed out to members at the time of the Trustee elections
- The Trustee register of interest is used at every Trustee meeting to identify any items or discussion where there is a potential of any conflicts of interest arising for a Trustee

- As not all conflicts of interest can be predicted in advance, Trustees are asked to declare any possible conflicts at the start of a meeting and must withdraw from any discussions or voting on the matter concerned
- To ensure transparency, the Trustee is usually asked to leave the meeting at this point so it cannot be claimed that they caused any influence on a decision although they may be asked to provide relevant information prior to this
- Where a Trustee withdraws from discussions due to conflict of interest, they are not included in the quorum; whether they leave the room or remain present, if this makes the discussion inquorate, voting and discussion must be postponed until the next quorate meeting
- The conflict of interest and the action taken is recorded in the meeting minutes

The steps above to declare any conflicts exists and to withdraw from any discussions and decision making will usually be all that is required if the conflict does not involve any financial or material benefit to the Trustee; however, if the Trustee is receiving any material benefit, specific legal authority is required and the additional conditions below are followed:

Additional conditions relating to financial or material benefits

- The Trustees who do not stand to benefit from an arrangement make the decision whether it is in the best interest of the charity for a Trustee to receive any financial or material benefit. The matter is recorded on the Trustee register and the Trustee has no involvement
- In all cases where the Trustees decide it is in the best interest of the charity, the Trustees must ensure that they have the legal authority before proceeding any further and make an application to the charity commission for authority where the governing document does not provide this
- If legal authority is provided:-
 - The number of Trustees receiving a financial or material benefit from the charity at any time, either directly or indirectly through a connected person or organisation, are always in the minority
 - A written agreement is drawn up to set out the arrangement between the charity and the Trustees and is approved by the Trustees who do not stand to benefit
 - Any payments or financial benefit made to a Trustee must be reasonable and not exceed any amount normally paid out by the charity
 - Any Trustee linked to a conflict may not sign any contracts or invoices linked to the conflicts of interest
 - Trustees who receive a benefit from the charity may not hold one of the officer positions, as implementing the procedure of the conflict of interest will make it difficult to carry out duties involved in these roles
 - The benefit is clearly noted in the charity's annual report and accounts

Each Trustee is responsible for declaring any matters that may present any actual or potential conflicts of interest. If any Trustee is uncertain about what matters should be raised, they must raise the issue with the other Trustees. The Trustees will seek advice from the Charity Commission where necessary. The Charity Commission advice and any actions taken will be recorded in the following meetings minutes.

The Trustees must notify the Charity Commission if they find a Trustee is receiving an unauthorised benefit or has not acted in the best interests of the charity. In these cases, the Trustee concerned may be in breach of trust and could be liable to repay the value of the benefit to the charity.

Where a conflict of interest may damage the interests or reputation of the charity, the Trustee may be asked to take steps to put an end to the situation causing the conflict; if necessary, by resigning as a Trustee of the charity.