##### NB This template can be treated as a model policy document. It is based broadly on guidance from the [The Chartered Governance Institute](https://www.icsa.org.uk/). Some tailoring will be required, particularly in the areas highlighted.

# ANYORG: Conflict of interest policy

##### Status, e.g. approved by Board [date]; to be reviewed [date]

This policy applies to all board members / directors / management committee members [delete as appropriate], staff members and volunteers.

#### Why we have a policy

Board members / directors / management committee members [delete as appropriate] have a legal obligation to act in the best interests of the organisation, and in accordance with its governing document, and to avoid situations where there may be a potential conflict of interest.

Staff members have contractual obligations to act in the best interests of their employer.

We have similar expectations that we and our volunteers will work in each other’s best interests.

Conflicts of interests may arise where an individual’s personal or family interests and/or loyalties conflict with those of the organisation. Such conflicts may create problems.

They can:

* inhibit free discussion
* result in decisions or actions that are not in the interests of the organisation
* risk the impression that the organisation has acted improperly

The aim of this policy is to protect both the organisation and the individuals involved from any appearance of impropriety.

#### Examples of conflicts of interest

Conflicts of interest may come in a number of different forms:

1. Direct financial gain or benefit to the Board member, such as:
* payment to a board member / director / management committee member [delete as appropriate] for services provided to the organisation
* the award of a contract to another organisation in which a Board member has an interest and from which a board member / director / management committee member [delete as appropriate] will receive a financial benefit or
* the employment of a board member / director / management committee member [delete as appropriate] in a separate post within the organisation, even when the board member / director / management committee member [delete as appropriate] has resigned in order to take up the employment
1. Indirect financial gain, such as:
* employment by the organisation of a person connected to a board member / director / management committee member [delete as appropriate] (see Appendix 3)
* service delivery by a staff member or volunteer to a connected person or to a group that includes a connected person
* non-financial gain, such as when a user of the organisation’s services is also a board member / director / management committee member [delete as appropriate]
* conflict of loyalties, such as where a board member / director / management committee member [delete as appropriate] is appointed by the local authority or by one of the organisation’s funders, or where a friend of a board member / director / management committee member [delete as appropriate] is employed by the organisation

#### Declaration of interests

Accordingly, we are asking board member / director / management committee member [delete as appropriate] and all staff to declare their interests, and any gifts or hospitality received in connection with their role in the organisation, as set out in Appendix 2.

To be effective, the declaration of interests needs to be updated at least annually and also when any changes occur.

If you are not sure what to declare, or when your declaration needs to be updated, you should err on the side of caution and seek confidential guidance (see Appendix 2).

This register of interests shall also be used to record all gifts of a value over £10 received by the board member / director / management committee member [delete as appropriate] and staff. Interests and gifts will be recorded on the organisation’s register of interests, which will be maintained by the company secretary. The register will be accessible on request to all staff, board members / directors / management committee members [delete as appropriate], funders and contractual partners and to the organisation commission.

#### Data protection

The information provided will be processed in accordance with the data protection principles set out in our Data Protection Policy and in the [Data Protection Act 2018](https://www.legislation.gov.uk/ukpga/2018/12/contents). Data will be processed only to ensure that board members / directors / management committee members [delete as appropriate] and staff act in the best interests of the organisation and will not be used for any other purpose.

#### What to do if you face a conflict of interest

If you or a connected person (see appendix 3) are a user of the organisation’s services, you should not be involved in decisions that directly affect the service that you or the connected person receives. You should declare your interest at the earliest opportunity and withdraw from any subsequent discussion. The same applies if you face a conflict for any other reason.

You may, however, participate in discussions from which you may indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal.

Those board members / directors / management committee members [delete as appropriate] who are users of the organisation’s services should not receive any added benefit over and above that received by any other user or beneficiary of the organisation.

If you fail to declare an interest that is known to the company secretary or the chair of the board, it will be their duty to declare that interest.

#### Decisions taken where a board member / director / management committee member [delete as appropriate] has an Interest

In the event of the board having to decide upon a question in which a board member / director / management committee member [delete as appropriate] has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate. Interested board members / directors / management committee members [delete as appropriate] may not vote on matters affecting their own interests.

All decisions under a conflict of interest will be recorded in the minutes of the meeting.

The minute will record:

* the nature and extent of the conflict
* the actions taken to manage the conflict

Where a board member / director / management committee member [delete as appropriate] benefits from the decision, this will be reported in the annual report and accounts in accordance with the legal requirements.

All payments or benefits in kind to board members / directors / management committee members [delete as appropriate] will be reported in the organisation’s accounts and annual report, with amounts for each board member / director / management committee member [delete as appropriate] listed for the year in question.

Where a member of staff is connected to a party involved in the supply of a service or product to the organisation, this information will also be fully disclosed in the annual report and accounts.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

#### Managing contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

#### Further guidance

Further guidance may be found in:

[Conflicts of interest: a guide for charity trustees](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/636091/CC29.pdf)

[Companies Act 2006](http://www.legislation.gov.uk/ukpga/2006/46/section/175)

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#### Appendix 1: Checklist for charity trustees

1. If you have identified that a conflict of interest exists, are you, or is the Trustee concerned, receiving a material benefit as a result of that conflict of interest? (Details of benefits which need to be authorised can be found in [section 3](#3) of the Charity Commission guide).

If no, have you, or has the Trustee, declared the interest in the register of interests and not taken part in any discussions/voting on that issue?

If yes, has the benefit been authorised?

2. Does the governing document contain authority for the benefit arising from the conflict of interest?

If yes, have the organisation’s Trustees complied strictly with the terms of the authority contained in the governing document?

If no, have the organisation’s Trustees applied to the Commission for authority (see [section 6](#6) of the guide)?

3. Once the organisation’s Trustees have the necessary authority, are there procedures in place to manage the conflict of interest effectively (see [section 7](#7) of the guide)?

If no, have the organisation’s Trustees ensured that procedures are put in place for managing conflicts of interest?

4. Have the organisation’s Trustees ensured that any benefit received by the Trustees is disclosed in the annual report and accounts (see [section 7](#7) of the guide)?

#### Appendix 2: Notification of conflicts of interest

Where a board member / director / management committee member [delete as appropriate] or staff member identifies a possible conflict of interest, they should submit a brief written memo to the Chair / Company Secretary, setting out:

* name and role
* date
* nature of possible conflict of interest
* value of any material benefit involved

The Chair / Company Secretary will request additional information if necessary.

Volunteers should notify their Volunteer Manager verbally, and the Volunteer Manager will make a written record of this and of the action taken to manage the conflict.

#### Appendix 3: Definition of a Connected Person

For the relevant definition, see:

[Definition for charities](http://www.legislation.gov.uk/ukpga/2011/25/section/188/enacted)

[Definition for companies](http://www.legislation.gov.uk/ukpga/2006/46/section/252)

A simplified version of the charity criteria might read:

* A board members / directors / management committee members [delete as appropriate] child, stepchild, parent, grandchild, grandparent, brother or sister
* The spouse or civil partner of any of the above, including a person living with another as that person's husband or wife or a person living with another as if they were civil partners
* A person carrying on business in partnership with any of the persons mentioned above
* Any institution which is controlled either individually or by two or more people mentioned above. By this we mean they are able to secure that the affairs of the institution are conducted in accordance with their wishes
* A body corporate in which any of the people mentioned above has a substantial interest, either solely, or between two or more people. By this we mean someone who: (a) has shares that have a nominal value of more than one-fifth of the share capital; or (b) can control the exercise of more than one-fifth of the voting power at any general meeting

A simplified version of the charity criteria might read:

* A director’s spouse or civil partner or co-habitee (other than grandparent or grandchild, sister, brother, aunt or uncle, or nephew or niece)
* A director’s parents
* A director’s children or step-children
* The children or step-children of a director’s spouse or civil partner or co-habitee if they are under 18 and living with the director
* A company connected to a director (see [Companies Act](http://www.legislation.gov.uk/ukpga/2006/46/section/254) for more detail)