

St Marychurch Pre-school

Trustees Conflicts of interest Policy

Statement of intent

It is our intention to make our setting accessible to all Trustees but to avoid any conflict of interest. This can be any situation in which a trustee's personal interests or loyalties could, or could be seen to, prevent them from making a decision based only in the best interest of the charity.

Aim

We aim to ensure that all Trustees make decisions based only on what's best for the charity. They do not allow their personal interests, or the interests of people or organisations connected to them, to influence their decisions. The trustees are to identify and deal with any conflicts properly.

Methods

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

Financial conflicts happen when a trustee, or person, or organisation connected to them, could obtain money or something else of value from a trustee decision. This does not include a trustee's expenses, but might include when 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.
- 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 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. They can happen if the charity's decision involves a person or organisation linked to a trustee, such as:

- The trustee's employer.
- Another charity where they are a trustee.
- The 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 of St Marychurch Pre-school.

All trustees must deal with the conflict and not just the trustee with the conflict, in order to meet their joint legal responsibility to make decisions based on what's best for the charity and without influence from any personal interests.

Four steps must be followed:

Step 1 – Declare conflicts of interest.

Trustees must tell other trustees if they personally have a conflict of interest as soon as possible, before discussions or decisions happen. If unsure if there might be a conflict of interest trustees must talk to other trustees to identify and declare conflicts at the start of meetings. The conflict should be entered on the minutes and kept on an updated register of interests. Trustees must follow rules regarding conflicts of interest within the charity's governing document.

Step 2 – Consider removing conflicts of interest.

Trustees have to take action to stop the conflict from affecting any decisions and make decisions based only on what is in the best interest of the charity. Trustees must consider if it is best for the charity to remove conflict particularly if it is a serious conflict.

If it is decided that the conflict does not need to be removed the trustees must prevent it from affecting decisions in a different way using step 3 to manage this.

Step 3 – Manage conflicts of interest.

Check any trustee payments or benefits are authorised. A trustee, or organisation or people connected to them are not to benefit from the charity unless by the following:

- Rules in the charity’s governing document
- The law
- The Charity Commission or the Court

Trustees must check the rules before deciding to pay or benefit a trustee as the charity may have to be paid if the rules are not followed. Even if a trustee benefit is allowed, trustees must strictly manage the conflict of interest.

Following specific rules on managing the conflict.

Trustees must check and follow:

- The charity’s governing document.
- Any directions from the Commission, such as permission to benefit a trustee.
- Other legal rules that apply to the charity.

If the charity does not have any of these rules to follow, the trustees should make sure the charity sets some before making a decision affected by a conflict of interest.

The rules should require that the conflicted trustee:

- Leaves relevant discussions.
- Does not take part in the decision or vote.
- Is not counted in the quorum.

Trustees are legally responsible for making sure the conflict of interest is managed following the right process.

Step 4 – Keeping a record of conflicts of interest.

In order to show that the Trustee’s have acted properly they must record:

- What the conflict was.
- Who or what it affected.
- When it was declared.
- How it was managed.

What Trustees should do about serious conflicts of interest.

Serious conflicts may include:

- A majority of trustees having a conflict.
- There is a single trustee, company who have a commercial interest in the charity decision.
- The decision involves significant money or risk and there is a conflict.

Trustees must consider whether the conflict can be removed by changing plans, asking a conflicted trustee to resign, or deciding not to appoint a conflicted person and appoint additional trustees not affected by the conflict. Trustees can take legal advice, paid by the charity when making a decision about the charity only. In very high-risk cases Trustees must ask the Commission to authorise the decision. In complex or serious cases the Trustees must follow the Commission detailed guidance on conflicts of interest, when you cannot make decisions in the best interest of the charity, or it could look like that to people outside the charity.

Should the trustees decide to make a payment/ benefit in kind they need to be clear they can justify a decision to pay one, or more of their trustees and that they can also manage the risks in doing so, due to the major risk of conflicts of interest. The more trustees who stand to benefit the bigger the risk and potential disadvantage, particularly in terms of conflicts of interest. The trustees should consider whether there is likely to be an adverse effect on the reputation of the charity and attract criticism if payment appears to be excessive and widespread. There must be an open and transparent approach to explaining the reasons for payment and to accounting for them, in order to reduce the risk.

Trustees conflict of interest policy continued.....

To be read in conjunction with the rules and regulations of the Charity Commission
'Charity' within this document refers to St Marychurch Pre-school

Signed _____ Position Chairperson

Dated _____

We aim to provide a safe, stimulating, caring, happy Pre-school where all children and their families are welcome. We provide a curriculum based on the Early Years Foundation Stage using individual children's interest and needs.