



CONFLICTS OF INTEREST POLICY AND PROCEDURE

Conflicts Of Interest

All trustees have a legal duty to act and make decisions only in the best interests of BVT. They must not put themselves in any position where their duties as trustee may conflict with any personal interest they may have. They must not allow personal interests, or the interests of connected people or organisations connected, to influence any decisions.

Conflicts of interest can lead to decisions that are not in the best interests of BVT and which are invalid or open to challenge. Conflicts of interest can damage a charity's reputation or public trust. These harmful effects can be prevented where individual trustees can identify conflicts of interest, and the trustee body can act to prevent them from affecting their decision making.

Trustees' personal and professional connections can bring benefits to the work of a charity. However, they can give rise to conflicts of interest, to which the trustees must respond effectively. The existence of a conflict of interest does not reflect on the integrity of the affected trustee, so long as it is properly addressed.

Even the perception that there is a conflict of interest can damage the charity. Where the perception is not accurate because there is no conflict of interest, trustees should always be able to respond appropriately to the situation by managing the risks to the charity and being prepared to explain how they have made their decisions only in the best interests of the charity.

There are 2 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 get money or something else of value from a trustee decision.

For example, financial conflicts for a trustee happen if the charity is deciding whether to:

- pay the trustee for doing their trustee role
- employ or pay the trustee, or their relative, for some work at the charity
- sell, loan or lease charity assets 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. 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.

For example, 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
- their relatives or friends

PROCESS

Trustee Appointment

The trustee body should consider conflicts of interest as a pre-appointment issue. Prospective trustees should be asked about potential conflicts of interest, and these should be declared to those who will decide on the appointment. Where prospective trustees are likely to be subject to serious or frequent conflicts of interest, the trustees should seriously consider whether that trustee should be appointed.

Declaration Of Conflicts Of Interest

Trustees must advise if they have a conflict of interest. This should be done before discussions or decisions happen. Trustees have individual personal responsibility to do this. Individual trustees who fail to identify and declare any conflicts of interest will fail to comply with their personal legal responsibility to avoid conflicts of interest and act only in the best interests of the charity

- Declarations of conflicts should be identified, and a register of interests kept and updated.
- Declarations of conflicts should be made at the start of all meetings and recorded.
- It should be recorded what the conflict was; who or what it affected; when it was declared; how it was managed.

If a trustee is uncertain whether or not they are conflicted, they should err on the side of openness, declaring the issue and discussing it with the other trustees.

Manage And Eliminate Conflicts Of Interest

To prevent a conflict from affecting a decision a conflicted trustee should :

- Leave relevant discussions
- Not take part in the decision or vote
- Not be counted in the quorum

If there are serious conflicts of interest, such as majority of trustees have a conflict or a decision involves significant money or risk, and there is a conflict, trustees may remove the conflict by :

- not pursuing a course of action
- changing a plan and proceeding with the issue in a different way so that a conflict of interest does not arise
- not appointing a particular trustee or securing a trustee resignation

Identify Low Risk Conflicts Of Loyalty

Deciding that a conflict of interest is low risk, and that the affected trustee can participate in the decision, is a judgement for trustees. Trustees must take all relevant factors into account and be ready to explain the approach if asked.

Consequences Of Not Acting Properly

Where trustees don't identify or properly respond to a conflict of interest, there can be serious consequences for the affected trustee and the charity, and significant negative effect on the charity's reputation and public trust.

Where trustees have acted outside the terms of the charity's governing document or the law, their decision may not be valid.

Where trustees fail to act properly or make a mistake prompt action will be taken to put things right and prevent a recurrence of the same or similar issue.

Where trustee actions or failings present a serious risk to the charity, the Charity Commission is likely to regard this as mismanagement or misconduct and to take remedial action.

Approved : 11th October 2021

Review date : October 2022