

## **1 Policy Statement: Governance – Conflicts of Interest or Loyalty**

We are committed to developing a best practice model of governance which supports, protects and preserves the Association and ensures full compliance with the expectations of the Charity Commission. We will ensure that all governance decisions are evidence based, non-discriminatory, fair and equitable.

This policy outlines the arrangements for identifying and managing potential or actual conflicts of interest or loyalty to ensure that all decisions are always taken in the best interests of the Association.

## **2 Trustee Responsibilities**

We shall:

- Always put the best interests of the Association first and work to safeguard the assets and reputation of the Association, irrespective of whether the Trustee is an Association member, an independent member or a co-opted member;
- Take individual and personal responsibility for declaring conflicts of interest or loyalty through the completion and subsequent annual review of the Register of Interests, and through re-declaration of those and any new interests at each meeting of the Trustees;
- Facilitate the latter through having “conflict of interest” as an agenda item at the start of each Trustee’s meeting and the former through a register held by the Chief Executive;
- Take individual and personal responsibility for withdrawing from discussion in which any possible conflict of interest will arise, and not vote on those matters;
- In cases of conflicted loyalty, consider each instance and through the Chair of Council and the Chair of Trustees, determine whether or not withdrawal is necessary, unless one or more of these Chairs are conflicted, in which case the decision shall be taken by the Vice Chair, supported by the Chief Executive;
- Using the authority of the Chair, remind those with conflicts of interest of their responsibility to absent themselves from discussion, in the event that they fail to take personal responsibility;
- Exclude members absenting themselves from discussion from the quorum for that agenda item;
- Ensure that the minutes of meetings reflect the action taken where declarations of interest or loyalty are identified;
- Only receive a benefit as a result of serving as a Trustee where there is the express consent of the Charity Commission to do so. This does not include the reimbursement of actual expenses necessarily incurred in the conduct of ESFA business, nor any other exclusions expressly stated in the Constitution of the Association;
- Ensure that there is no conflict arising from benefits accrued through the conduct of normal business by declaring the receipt of hospitality with an estimated value of greater than £10;

- Ensure that there is no conflict arising from benefits offered by third parties by declining gifts with an estimated value of more than £10; or, in accepting the gift, declaring it and surrendering it to the Chair of Trustees for consideration of appropriate disposal (through fundraising activity, donation or other charitable means);
- Through the authority of the Chair, challenge any undeclared and perceived conflict of interest or loyalty in other Trustees, in the interest of ensuring that the Association's best interests are upheld;
- Consider the removal of any Trustee who has a significant or serious conflict, or whose interests regularly place them in competition with the Association's interests;
- Include this and other key policies in the induction programme and information pack for any new Trustee;
- Understand that a failure to declare any conflict of interest is, in law, a failure to comply with Trustee duties and may result in financial penalty, regulatory action by the Charity Commission and removal from the Trustee body.

### **3 Employee Responsibilities**

Employees shall:

- Where they act as committee secretaries, ensure that conflicts of interest are appropriately declared and minuted;
- Comply with the provisions relating to hospitality and gifts, as noted above;
- Declare any personal interests or loyalties, where they exist, when any recommendations are made to the Trustees
- Where authority is assigned, maintain the register of interest and loyalty, and any benefits declared, and review them annually
- Where authority is assigned, ensure that benefits and payments made to Trustees are appropriately recorded in the accounts

### **4 References and tools support the Policy**

Definitions:

Conflict of interest: where there is a potential financial or measurable benefit directly to a Trustee, or indirectly, through a connected person, meaning that the best interest of an individual Trustee may be different to the best interest of the Association.

Conflict of loyalty: where a Trustee's loyalty or duty to another person or organisation could prevent the Trustee from making a decision only in the best interest of the Association as a whole, even though there may not be any personal gain, or gain for connected persons.

Connected person:

- (a) a child, parent, grandchild, grandparent, brother or sister of the charity Trustee;
- (b) the spouse or civil partner of the charity Trustee or of any person falling within sub-clause (a) above;

- (c) a person carrying on business in partnership with the charity Trustee or with any person falling within sub-clause (a) or (b) above;
- (d) an institution which is controlled –
  - (i) by the charity Trustee or any connected person falling within sub-clause (a), (b), or (c) above; or
  - (ii) by two or more persons falling within sub-clause (d)(i), when taken together
- (e) a body corporate in which –
  - (i) the charity Trustee or any connected person falling within sub-clauses (a) to (c) has a substantial interest; or
  - (ii) two or more persons falling within sub-clause (e)(i) who, when taken together, have a substantial interest.

Association's constitution

Trustee expenses policy

## 5 Policy Review Arrangements

This policy will be reviewed at least annually.

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Policy title	Governance – conflicts of interest and loyalty
Policy version	D.01.AC.18.04.16
Policy author	CEO
Policy consultation	O&T
Policy approval (trustees / Council)	May 2016
Policy training and dissemination	Sept 16
Policy review date	July 17/November 18