

Dunton Green Education in Full Foundation

CONFLICTS OF INTEREST

This policy is written for the Trustees of the Foundation when discussing and making decisions for the Foundation to meet point 7 of the Constitution:

Conflicts of interests and conflicts of loyalty

A charity trustee must:

- 1) declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the charity or in any transaction or arrangement entered into by the charity which has not been previously declared; and*
- 2) absent himself or herself from any discussions of the charity trustees in which it is possible that a conflict will arise between his or her duty to act solely in the interest of the charity and any personal interest (including but not limited to any personal financial interest).*

Any charity trustee absenting himself or herself from any discussions in accordance with this clause must not vote or be counted as part of the quorum in any decision of the charity trustees on the matter.

Trustees' personal and professional connections can bring benefits to the work of the Foundation and often form part of the reason why an individual has been asked to join the trustee body. 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 in that their decisions are based only on what is best for the Foundation and without influence from personal interests.

DEFINITION

A conflict of interest is any situation in which a trustee's personal interests or loyalties could, or could be seen to, prevent them from making a decision only in the best interests of the charity.

Conflicts of interest usually arise where either:

- there is a potential financial or measurable benefit directly to a trustee, or indirectly through a connected person
- a trustee's duty to the charity may compete with a duty or loyalty they owe to another organisation or person

Financial or measurable benefit

There is very limited opportunity for there to be a conflict of interest financially for this Foundation as it will not provide services and is unlikely to have paid staff, or to rent or own its own premises. Trustees can claim out of pocket expenses but will not be paid for services.

If this was to be the case it would follow in depth discussion and consultation on the legal implications.

However, a grant from the Foundation may be provided for a service operated by someone known or owned by a trustee; and, to maintain the funds, the Foundation will hold fundraising activities where services or provisions could be supplied by a trustee or someone they know.

Loyalty

There are a number of situations where a trustee may have a conflict of interest because of loyalty such as knowing the child and/or family for whom a grant application has been made; where an organisation in which the trustee is actively involved requests a grant, or provides services as a result of a grant; or such an organisation raises funds for the Foundation.

None of the examples of conflicts of interest given for financial or loyalty reasons are exclusive and trustees should always give due to consideration to their position before any discussions or decisions are made. In particular, they need to consider whether the subject involves their membership of other organisations, their business or personal interests and those of their spouse, partner, family and close relatives.

MANAGEMENT OF CONFLICTS OF INTEREST.

The Policy to manage conflicts of interest for this Foundation is to:

- A. give guidance to trustees on conflicts of interest
- B. identify conflicts of interest
- C. prevent the conflict of interest affecting a decision
- D. record the conflict of interest and how it has been handled.

A *Guidance to trustees*

On their recruitment all trustees will be provided with information from the Charity Commission on their duties as a trustee including the need to be open about conflicts of interest and their decision making for the benefit of the Foundation.

B *Identification of conflicts of interest*

- All trustees will agree on their trustee application form that they will declare any conflicts of interest and will be asked to declare any conflicts of interest on acceptance.
- On declaration of their conflicts of interest, these will be recorded in a Register of Interests. (Please note, it was agreed by the Board of Trustees that it is not possible to be a trustee if you are a member of staff or governor at the School.)
- There will be a standard agenda item at the beginning of every Trustee meeting for trustees to declare any conflicts of interest for them on the agenda. If a trustee is uncertain whether or not he or she is conflicted, he or she should err on the side of openness, declaring the issue and discussing it with the other trustees.

The trustees may decide that where a conflict of loyalty poses no risk or a low risk to decision making in the best interests of the charity, the affected trustee, having declared their other interest, can participate in decision making.

- There will be discussion by the trustees about what would constitute a conflict of interest that requires withdrawal from decision making on a grant making application.
- If a trustee is aware of an undeclared conflict of interest affecting another trustee, they should notify the other trustees or the chair.

C Preventing a conflict of interest affecting decision making

In deciding which course of action to take, trustees:

- must always make their decisions only in the best interests of the charity
- should always protect the charity's reputation and be aware of the impression that their actions and decisions may have on those outside the charity
- should always be able to demonstrate that they have made decisions in the best interests of the charity and independently of any competing interest
- should require the withdrawal of the affected trustee from any decisions where the trustee's other interest is relevant to a high risk for the Foundation, or is a controversial trustee decision, or could significantly affect, or could be seen to significantly affect the trustee's decision making at the charity
- can allow a trustee to participate where the existence of his or her other interest poses a low risk to decision making in the charity's interests or is likely to have only an insignificant bearing on his or her approach to an issue.
- should be aware that the presence of a conflicted trustee can affect trust between trustees, could inhibit free discussion and might influence decision making in some way.
- The trustees can, before their discussion, ask a trustee who is withdrawing to provide any information necessary to help make a decision in the best interests of the charity.
- Trustees cannot use information obtained at the charity for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

Decisions at Trustee meetings

A trustee who has a conflict of interest, having registered and fully declared the interest, the other trustees can agree to the conflicted trustee:

- i. being allowed to participate in discussion and the decision
- ii. staying in meetings where the decision is discussed and made but not participate
- iii. withdraw from discussions on the relevant topic, not vote on the decision, or be counted in the quorum for that subject. (A quorum is one third of the board of trustees, or 2 trustees, whichever is greater.)

Grant making decisions

Once notified of a grant application where they recognise they have a conflict of interest, a trustee must notify the other trustees, or at least the Chair, immediately and withdraw from any input into the decision whether or not to award the grant.

D Record the conflict of interest and how it has been handled

Recording conflicts of interest and how they are handled protects the Foundation in managing risks when it is challenged on how it has made its decisions. Where there is a perception that there has been a conflict of interest the Foundation must be prepared to explain how they have made their decisions only in the best interests of the Foundation. Good records provide this evidence:

- i. what the conflict was
- ii. who or what it affected
- iii. when it was declared
- iv. how you managed it

Decisions at Trustee meetings

Any declared conflict of interest, the discussions and the decision on how to proceed will be recorded in the minutes of the relevant meeting.

Grant making decisions

It should be recorded on the decision for a grant application if a particular trustee has a conflict of interest and that they withdrew from involvement in the decision making.

SERIOUS CONFLICTS OF INTEREST

Common examples of serious conflicts are where:

- a majority of trustees have a conflict
- there is a single trustee who has a commercial interest in the charity decision
- a decision involves significant money or risk, and there is a conflict

In these types of situation, these options will be considered.

- can the conflict be removed, for example by changing the plan?
- ask a conflicted trustee to resign or appoint an additional trustee not affected by the conflict.
- decide not to appoint a conflicted person

If it is not possible to resolve the issue, legal advice will be sought.

Last Reviewed January 2025