



## **Policy regarding conflicts of interest**

The Thoroton Society recognises its responsibility to act in compliance with the guidance of the Charity Commission, in terms of good governance and accountability.

This policy acts as an appendix to the governing document of the Thoroton Society, its constitution, which was last amended at the 2021 AGM. This policy will be reviewed in light of changes to the Commission's advice on an ongoing basis. The terms of this policy, and the Society's approach to potential conflicts of interest, is informed by the published guidance available at:

<https://www.gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29>

The Commission has produced this guidance "to help trustees approach their decision making properly where there is a conflict of interest. It expects them to use this guidance to fulfil their duty to act only in the best interests of the charity and to be able to provide a convincing justification for their decisions in the event of challenge".

The Thoroton Society's policy will be monitored and enforced by the Chair of Council, the Honorary Assistant Administration Secretary, and the Chairs of all committees of the Society.

Copies of the policy will be available on the Thoroton Society website and will be communicated to all existing, and any new, members of Council and the Society's committees, effective from 1 August 2021.

### **Definition of conflicts of interest**

All those serving on the Council of the Thoroton Society, as an elected or *ex officio* member, and anyone not on Council who is invited to serve on one of its committees (currently: Standing Committee, Research and Publications Committee, Events Committee), has a personal responsibility to declare conflicts of interest if they are to fulfil their legal duty to act only in the best interests of the charity.

There are two types of potential conflict – *conflicts of interest* and *conflicts of loyalty*.

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

A *conflict of loyalty* is a particular type of conflict of interest, in which a trustee's loyalty or duty to another person or organisation could prevent the trustee from making a decision only in the best interests of the charity.

Conflicts of interest can arise where:

- 1. there is a potential financial or measurable benefit directly, or indirectly through a connected person (such as a family member or partner)

In respect of benefits, the law says that trustees can only benefit from their charity where there is an explicit authority, obtained in advance from a clause in the charity's governing document or a statutory provision such as the power in the charities act which allows charities, in some circumstances, to pay trustees for additional services they provide to the charity over and above normal trustee duties.

The term trustee benefit includes 'any' payments or benefits to trustees or a connected person, apart from their reasonable out of pocket expenses. The term also covers situations where a trustee could receive property, loans, goods, or services, from the charity.

Authority is required where there is a possibility of benefit. This means that trustees must ensure that there is a proper authority for any situations where trustees could benefit, irrespective of whether there is any actual benefit to a trustee. The payment of reasonable expenses to trustees is not defined as a benefit, so it does not create a conflict of interest or require authorisation.

- 2. a trustee's duty to the charity may compete with a duty or loyalty they owe to another organisation or person (e.g., as an employee of that organisation or as a Trustee or Director of another business or charity)

If the affected trustee has a conflict of loyalty that does not prevent them from making decisions in the best interests of the charity, even though the decision also concerns an organisation with which they have a connection, it is acceptable simply to declare the interest before participating in the decision.

Deciding that a conflict of interest is low risk, and that the affected trustee can participate in the decision, is a judgement for the trustees which depends on the particular decision and relevant circumstances. The trustees should take all relevant factors into account and be ready to explain their approach if asked.

## **Society procedures to be followed in respect of identifying and managing conflicts of interest and conflicts of loyalty:**

1. A register of interests will be maintained by the Honorary Assistant Administration Secretary which will require members of Council (and any additional committee members who are not members of Council) to list:-
  - i) any sources of employment and financial connections (in terms of paid consultancies, directorships etc);
  - ii) Board/Trustee level positions in Societies, Charities and Organisations.
2. The register will be compiled in August 2021 and then updated annually, following the Spring Meeting and AGM. New and existing members of Council (and any additional committee members who are not members of Council) will be asked to confirm and, where relevant, update their entries. The register will be stored securely by the Honorary Assistant Administration Secretary.
3. At every meeting of Council and every committee of the Society, a standing item after the minutes of the last meeting and before the business of the meeting commences will be 'declaration of potential conflicts'. This offers individuals an opportunity to declare any conflicts ahead of the relevant business being discussed. The minutes will record whether any such conflicts have been declared at this point.
4. Members of Council/committee who believe they have a conflict of interest in respect of the business of the meeting, but who will be absent from the meeting where the affected business will be discussed, should communicate this fact to the Chair, so that it can be recorded in the minutes.
5. Whilst potential conflicts should ideally be declared before the business of the meeting commences, they can (and should) be declared at any point in the meeting where it becomes apparent that they may exist, so that the meeting can consider whether such a conflict exists and how to manage it.
6. In the event of a declared conflict being identified and established, the actions will be either to:
  - (i) record the conflict but determine that it is not necessary for any further action to be taken (i.e., the conflict is considered 'low risk');
  - (ii) to ask the affected individual not to take part in the item of business to which the conflict relates, including the discussion and any vote (i.e., the conflict can be effectively managed within the meeting);
  - (iii) to postpone consideration of the affected business in order to take advice and discuss the steps to be taken at the next meeting (i.e., the conflict is potentially greater than 'low risk' and requires further consideration, possibly with advice).

7. In all cases, the following information will be recorded in the minutes of the meeting:

- (i) the nature of the conflict;
- (ii) which trustee or trustees were affected;
- (iii) whether any conflicts of interest were declared in advance; an outline of the discussion.

Minutes are only distributed amongst members of Council and of the Society's committees.

Policy adopted by Council: 31 July 2021