



*Dame Agnes Weston's Royal Charity for the
Naval Service*

Policy regarding Conflict of Interest

Dated April 2022

DAME AGNES WESTON'S ROYAL CHARITY FOR THE NAVAL SERVICE

CONFLICT OF INTEREST POLICY

INTRODUCTION

1. Conflicts of interest can affect any charity and can lead to decisions that are not in the best interests of that charity. They can quickly damage reputation and public trust. To prevent this, individual trustees must identify conflicts of interest, and the trustee board must then ensure that they do not impact upon decision making – which must always be for the best interests of the charity. All trustees have a legal duty to act only in the best interests of their charity.
2. Trustees' personal and professional connections can bring benefits to the work of the charity and may be part of the reason why an individual was asked to join the trustee body in the first place. Conflicts of interest are therefore to be expected, and can be positive. However, they must be declared and managed so that they do not reflect on the integrity of the affected trustee.

CHARITY COMMISSION GUIDANCE

3. Charity Commission guidance is contained within Guidance Publication CC29 (Conflicts of interest: a guide for charity trustees). The Charity Commission expects trustees to operate in line with this guidance, and within the provisions outlined in the charity's own governing document. Aggie Weston's policy, is based on the advice within these publications.

PROCESS

4. Aggie Weston's trustees accept their legal duty to act only in the best interests of the charity and agree to handle conflicts of interest using the following steps:

IDENTIFY: Trustees have a personal responsibility to declare conflicts of interest that affect them.

PREVENT: Trustees will manage all conflicts of interest and, where necessary, the conflict will be removed by:

- Not pursuing a course of action.
- Proceeding with a course of action in a different manner.
- Not appointing a trustee or securing the resignation of a trustee.

RECORD: Trustees will formally record declared conflicts of interest and how they were handled. Any trustee benefits will be disclosed in the annual accounts.

IDENTIFYING CONFLICTS OF INTEREST

5. A conflict of interest is *“any situation where there is a possibility that a trustee’s personal interests or loyalties could, or could be seen to, prevent that trustee from making a decision that is only in the best interests of the charity.”* Conflicts of interest relate to a trustee’s personal interests and the interests of those connected to them. A conflict exists when there is a proposed transaction between the charity and the trustee. Similarly, there is a conflict of interest where there is a benefit or a potential benefit to a connected person. A connected person is broadly defined as: *“family, relatives or business partners of a trustee, as well as businesses in which a trustee has an interest through ownership or influence (where a trustee or family member holds at least one-fifth of the shareholding or voting rights).”*

6. Potential long-term conflicts of interest should be declared before a potential trustee seeks selection to the board.

7. Since each trustee has a legal duty to act only in the best interests of the charity, the primary responsibility for declaring a conflict of interest lies with the affected trustee. A trustee who fails to declare any conflicts of interest will fail to comply with his/her trustee duties. As a reminder to trustees, there is to be a standing agenda at each board meeting at which trustees are given the opportunity to declare any actual or potential conflicts of interest. Additionally, trustee should declare any emerging conflicts of interest at the earliest possible opportunity after they arise. If a trustee is uncertain whether he/she is conflicted, he/she should err on the side of openness, declaring the issue and discussing it with the other trustees. If a trustee is aware of an undeclared conflict of interest affecting another trustee, they should notify the chair.

PREVENTING CONFLICTS OF INTEREST

8. The most obvious way to manage a conflict of interest is for the conflicted trustee not to participate in any decision where they stand to benefit, directly or indirectly, from a decision which may be made. Withdrawing from decision making means withdrawing when the initial discussions take place, as well as from the decision itself, and from any subsequent discussion, review or decision making on the issue.

9. In cases where there is potential for serious conflicts of interest, trustees may decide that removing the conflict is the most effective way of preventing it from affecting their decision making, and demonstrating that they have acted only in the best interests of the charity. Ways to remove a conflict of interest are:

- Not pursuing a particular course of action.

- Proceeding with the action in a different way such that a conflict of interest does not arise (E.g. deciding not to consider using a trustee's company to do some work for the charity).
- Securing the resignation of a trustee affected by a conflict of interests.
- Not making trustee appointments which will introduce a conflict of interests.

If trustees wish to go ahead with a decision affected by a serious conflict of interest, they should seek the authority of the Charity Commission, unless they are satisfied that the handling options outlined in CC29 will allow them to demonstrate that their approach and decision are in the best interests of the charity.

10. Where there is a proposed financial transaction between a trustee and Aggie Weston's, or any transaction or arrangement involving trustee benefit, then this must be authorised in advance. The affected trustee must be absent from any part of any meeting where the issue is discussed or decided.

11. Where there is a conflict of loyalty but the affected trustee does not stand to gain any benefit, the other trustees must decide what level of participation, if any, is acceptable on the part of the conflicted trustee. The options might include, deciding whether the trustee:

- having registered and fully declared the interest, can now participate in the decision.
- can stay in the meetings where the decision is discussed and made, but not participate.
- should withdraw from the decision-making process.

In deciding which course of action to take, trustees must:

- always make their decisions only in the best interests of the charity.
- be aware of the impression that their actions and decisions may have, and protect the reputation of the charity

RECORDING CONFLICTS OF INTEREST

12. Written records are to be kept within the minutes of the trustee's board meetings of any conflicts of interest, and how they have been dealt with. The records should show:

- the nature of the conflict.
- which trustee or trustees were affected.
- whether the conflict of interest was declared in advance.
- an outline of the discussion.
- whether anyone withdrew from the discussion.
- how the trustees took the decision in the best interests of the charity.

13. In the unlikely instance that charity trustees or connected persons receive payment or other benefits this must be included in the annual accounts. The accounts must say under what legal authority the payments or benefits have been made, together with the reason for them.

SENIOR EXECUTIVE STAFF

14. The CEO and directors must also avoid situations in which they have, or could have, a direct or indirect interest that conflicts with the interests of Aggie Weston's. Executive staff are, of course, paid and therefore authorised to take benefit from their work, but a conflict of interests could arise for the CEO, a director, or a person connected with either where:

- there is a personal financial interest in a transaction with the charity - the interest may be direct or indirect.
- there is has a conflict of duty/loyalty.
- there is even the possibility that personal interests or duties/loyalties could affect his/her decision making.

15. The CEO or directors must declare any such conflict of interest.

CHARITY COMMISSION AUTHORITY

16. Charity Commission authority is needed where neither the Charities Act 2011 nor the charity's governing document provisions are adequate to authorise a conflict of interest. The Commission can authorise a trustee or trustees to do something which would otherwise breach the duty to avoid a conflict, but the Commission will need to be satisfied that their proposed action is in the best interests of the charity.

REGISTER OF INTERESTS

17. A register of interests is to be maintained which records the other interests of trustees and senior executive staff. By recording potential conflicts openly, any actual or potential conflicts of interest can be identified more easily and transparency can be demonstrated.