

6.5 SEC Policy: Conflicts of Interest

We must exercise care where we or people or organisations we're personally connected to will get a benefit from SEC taking a particular path. This is because we have a legal duty to ensure that decisions, whether taken by trustees or core group, are in SEC's best interests. In particular, trustees have a personal legal responsibility to declare any interest, if they are to fulfil their legal duty to act only in SEC's best interest.

Clause 7 of SEC's constitution states

... trustees must declare the nature and extent of any interest, direct or indirect, which they have in a proposed transaction or arrangement; and must take no part in any discussions where a conflict of interest might arise between their duty to act solely in SEC's interests and any personal interest (including but not limited to any financial interest); and can't vote or be counted as part of the quorum for any decision of the charity trustees on that matter.

Clause 6 of SEC's constitution states that

... trustees may not receive any benefit from SEC on preferential terms to the public, or supply SEC any land or goods or services, except where there is specific legal authority for it. There are certain permissions included in the constitution:

- the other trustees must agree that it's in the best interests of SEC to be supplied by a trustee (or company or person connected to them) rather than someone who isn't a trustee
- provided the trustee who'll benefit takes no part in the decision and isn't counted in the quorum for it and only a minority of trustees benefit in this way.
- In any other case the Charity Commission must give prior permission.

To ensure that we avoid conflicts of interest, SEC has adopted the following policy and process.

1. identify conflicts of interest
2. record any conflicts of interest
3. remove any conflict from the decision making process

Definition of conflict of interests

A conflict of interest arises when someone in a decision-making position has a personal interest in that decision going a certain way.

By personal interest we mean they could gain financially from the decision, whether in a payment to them or a benefit they would otherwise have to pay for. We also mean other kinds of benefits if they are significant: e.g. a gain in personal power or authority or prestige.

A conflict of interest also arises if the gain is to a person or organisation they have financial or legal ties to. This includes relatives, children, spouses, employers, and organisations they own or are a trustee/director/shareholder of or a partner in.

Identifying and recording conflicts of interests

1. Register of interests

SEC keeps a register of the business and personal interests of its trustees and core group members. It is the responsibility of each trustee and core group member to keep the register up to date.

Each trustee and core group member must list on the register of interests:

- organisations they're employed by, or are a trustee, partner, shareholder or director of and their position in the organisation
- organisations their relatives (including spouses and children) are employed by, or are a trustee, partner, shareholder or director of and their position
- the nature of their business if they're self-employed

2. Review of interests at decision making meetings

At the beginning of each trustee meeting and core-group meeting, trustees and core-group members will consider whether any agenda item could involve a conflict of interest for them. If it does, they must declare it and the declaration should be recorded in the minutes.

If the conflict is a new one – i.e. not already listed in their entry on the register of interests, they must update the register. This must also be recorded in the minutes.

Procedure when a conflict of interest arises

When there is a conflict of interest, the person involved may not take part in the discussion or decision about the matter. If practicable, they will remove themselves from the room. If the other trustees/core group members question them on matters of fact, they will keep their answers to matters of fact. They will not be counted in the quorum for the decision and will not vote. All this will be minuted, including any specific question on matters of fact and the answers to them.

Major conflicts of interests

If as a result of the above process, a trustee or core group member is excluded from a significant proportion of decisions, we will discuss whether they should resign as a trustee / core group member. (Because they will be unable to contribute effectively.) Such discussions shall be minuted.

Monitoring and enforcing the policy

Trustees have a personal legal responsibility to declare their own interests; but the trustees as a whole have a duty to ensure that the policy is kept.

All trustees and core-group members must therefore:

- review minutes of meetings to ensure that any conflicts were minuted and decisions taken in the appropriate way;
- annually review each others' register of interest entries in a spirit of mutual support to ensure that they are accurate and up to date.

For further information, trustees and core group members should refer to the Charity Commission's guidance on [conflicts of interest](#).

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