



# Sussex Clubs for Young People Conflict of Interest Policy

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Chair of Directors: Peter Gooch

## DIRECTORS RESPONSIBLE

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## Policy Statement

To help directors/trustees of Sussex Clubs for Young People Ltd (the charity) avoid conflicts of interest; and to act appropriately where a conflict of interest does arise.

This policy also covers the receipt of gifts and hospitality. It also applies, where appropriate, to SCYP staff, advisory board members and volunteers.

### The context

A conflict of interest or loyalty arises where a director’s personal interests or loyalties or the interests or loyalties which that director owes to another charity, arise at the same time. The directors must manage any situation where a director has the potential to benefit personally from his or her position as director or is influenced by conflicting loyalties. Interests can be financial or non-financial and direct or indirect.

- A direct financial interest arises where a director is selling an asset to the charity or becoming an employee.
- A direct non-financial interest can arise where a director is a service user of the charity and benefits more than a typical service user.
- An indirect benefit is one which accrues to a close member of the director’s family, a business colleague or other close relationship.
- A conflict of loyalty arises where a director’s decision-making is influenced by another appointment, employment or association of that director.

This list of conflicts is not intended to be definitive or prescriptive. Each director is responsible for declaring actual or potential conflicts or the reasonable perception of such conflicts.

The policy for dealing with conflicts is set out below, including a Register of interests, loyalties, gifts and hospitality.

## Management of a conflict

A conflict is managed in four ways:

1. A conflict should be declared at the earliest opportunity
2. A director who declares an interest should leave the meeting to allow the other directors to decide whether his or her absence is necessary or appropriate
3. The other directors should agree how to deal with the conflict, for instance by allowing the conflicted director to speak on the matter concerned but not to vote
4. The other directors should make sure that the process is properly minuted.

## Why we have a policy

Directors have a legal obligation to act in the best interests of the charity and in accordance with the governing document. A conflict of interest or loyalty may arise where an individual's personal or family interests and/or loyalties to some other individual or group conflict with those of the charity. Such conflicts may bring risks.

They can:

- prevent open discussion
- result in decisions or actions which are not in the best interests of the charity
- result in the impression that the directors have not acted properly

The purpose of this policy is to protect the directors and the staff from these risks.

## What to do if you face a conflict of interest or loyalty

All conflicts of interest or loyalty, whether actual or potential, should be declared promptly at the earliest possible opportunity:

- A director who has a financial interest in a matter under discussion should declare the nature of their interest and withdraw from the meeting, unless they have been given permission by the Chair to stay and either speak or not, as the case may be. Such a director may not vote.
- A director who has any interest in matter under discussion, which creates a real or perceived risk of bias should declare the nature of the interest and withdraw from the meeting, unless they have been given permission by the Chair to stay and either speak or not, as the case may be. Such a director may not vote.
- A director who has any other interest which does not create a real risk of bias, but which might reasonably cause others to think it could influence their decision, should declare the nature of the interest, but may remain in the meeting, participate in the discussion and vote if they wish.
- If a director is in any doubt about the application of this policy, he or she should heed the spirit as well as the wording of the policy and consult the Chair.
- If a director fails to declare an interest that is known to the Chair, the Chair will declare that interest. The interests of directors should be listed in a register, as set out below.

## Gifts and hospitality

The charity has a policy to deal with personal gifts or hospitality provided to directors. This protects the directors against the accusation that such gifts or hospitality are intended to influence the decisions they take in administering the charity's affairs.

- All gifts to and hospitality for directors should be declared and recorded in the Register of interests, loyalties and gifts kept for this purpose. The information recorded should include its estimated value, the date on which it was received, who it was given by and the reason for the gift.
- Gifts and hospitality should never be solicited.
- Gifts and hospitality with a value of under £50 can be accepted providing that the gift or hospitality is not given or accepted with an expectation that there is any obligation owed as a result of the gift. Usually but not always, the gift will not be specific to the charity, for instance an accountant or lawyer may take a director to a Dinner along with the directors of other charities.
- Where a gift or hospitality is received or offered which exceeds the value of £50, the hospitality should be declined or the gift be returned to the sender, the market price should be paid or the gift should be donated to the organisation directly or to another charitable organisation as appropriate.
- Gifts and hospitality intended to influence the decisions of directors should NEVER be accepted.

## The declaration of interests, loyalties, gifts and hospitality

Directors are asked to declare their interests and loyalties and any gifts or hospitality received in connection with their role in the charity. A declaration of interests and loyalties form is provided to keep the register up to date. The declaration of interests and loyalties should be updated at 1 April each year, being the first day of the accounting year. It should be updated at least annually and also when any changes occur.

## Record keeping

Where the directors make a decision on a matter in which a director has an interest, all decisions will be made by majority vote.

A quorum must be present for the discussion and decision. The conflicted director will not count towards the quorum. All decisions where there is a conflict of interest will be minuted accordingly to include:

- the nature, extent and value of the conflict
- the discussion which took place
- the action taken to manage the conflict

## Staff, advisory board members and volunteers

This policy has been written to help directors/trustees to discharge their legal duty to act only in the best independent interests of the charity. Although this legal duty does not extend to staff, advisory board members or volunteers, the spirit of this policy applies equally to these groups of people to enable directors to discharge their duty. In practice, therefore, staff, advisory board members and volunteers should act appropriately where a conflict of interest or loyalty arises over and above those which are inherent in their role with SCYP.