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## MANAGING TRUSTEE CONFLICT OF INTEREST

### 1. Conflict of Loyalties

Trustees must remember that when undertaking the business of the charity, their overriding duty is to act in the best interests of the charity. There may be situations in which a Trustees' loyalty to the charity conflicts with their loyalty to another charity or company of which they are a Trustee or Director, or to a member of their family. Such conflicts of loyalty will not stop anyone from being a Trustee, but they can cause conflicts of interest.

All Trustees of the Dean Forest Railway Society will strive to avoid any conflict of interest between the interests of the charity on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.

The purposes of this policy is to protect the integrity of the Trustees' decision-making process, to enable our stakeholders to have confidence in our integrity, and to protect the integrity and reputation of volunteers and Trustees.

### 2. What is a Conflict of Interest?

A conflict of interest is any situation in which a Trustee's personal interests, or interests which they owe to another body, and those of the charity arise simultaneously or appear to clash. Conflicts of interest may arise in a number of different forms:

Direct financial gain or benefit to the Trustee, such as:

- Payment to a Trustee for services provided to the charity.
- The award of a contract to another organisation in which a Trustee has an interest and from which a Trustee could receive a financial benefit.

In-direct financial gain, such as:

- Employment by the charity of a spouse or partner of a Trustee, where their finances are interdependent.
- Payment to a spouse, family member or associate of a Trustee for services provided to the charity.
- The award of a contract to another organisation in which a spouse, family member or associate of a Trustee has an interest and from which a Trustee could receive a financial benefit.

### 3. What does the Law say about conflicts of interest?

The law states that trustees cannot receive any benefit from their charity in return for any service they provide to the charity unless they have express legal authority to do so. "Benefit" includes any property, goods or services which have a monetary value, as well as money. Any trustee who has a conflict of loyalties should declare this and it should be included in the register of interests. They



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should also declare the interest at the beginning of any meeting at which an issue is to be discussed that is subject to the conflict and should take no further part in the discussions on the issue. This will help to ensure transparency and avoid any accusations of impropriety.

#### **4. Policy for managing Trustee Conflicts of Interest**

This policy is intended to supplement good judgement, and volunteers and Trustees should respect its spirit as well as its wording.

- Upon appointment, each Trustee will make a full, written disclosure of interests, such as relationships, and posts held, that could potentially result in a conflict of interest. This written disclosure will be kept on file and will be updated as appropriate.
- In the course of meetings or activities, Trustees will disclose any interests in a transaction or decision where there may be a conflict between the charity's best interests and the individual Trustee's own best interests or a conflict between the best interests of two organisations that the Trustee is involved with.
- Any such disclosure and the subsequent actions taken will be noted in the minutes of the meeting.
- Any Trustee, who has a financial interest in a matter under discussion, should declare the nature of their interest and withdraw from the room, unless they have a dispensation to speak.
- If a Trustee has any interest in the matter under discussion, which creates a real danger of bias, that is, the interest affects their, or a member of their household, more than the generality affected by the decision: they should declare the nature of the interest and withdraw from the room, unless they have a dispensation to speak.
- If a Trustee has any other interest which does not create a real danger of bias, but which might reasonably cause others to think it could influence their decision, they should declare the nature of the interest, but may remain in the room, participate in the discussion, and vote if they wish.
- A Trustee should not approve or authorise any payment to an organisation which they have an interest in, or are employed by, or to a spouse, family member or close associate.
- The Trustees will make every effort to ensure that sufficient independent trustees are appointed to ensure that a quorum can be formed when matters related to the Forest of Dean Railway Ltd (and its subsidiaries) are being discussed.
- If in any doubt about the application of these rules, Trustees should consult with the chair or secretary.

#### **5. Further Advice and Reading**

Charity Commission: CC11, A Guide to Conflicts of Interest for Charity Trustees

National Council of Voluntary Organisations: Conflicts of Interest – Policy and Procedure.

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