16 Charity Status

**16.01 Conflict of Interest**

Parley Community Pre-school recognise that at times there may be the potential for conflict of interest through family relationships and or outside business interests. We recognise that this at times may have the potential for a Conflict of Interest and therefore, this policy is in place to best avoid or manage this.

This policy is to provide a procedure for recognising situations which can lead to potential or actual conflicts of interest and to create a clear and transparent process for declaring and managing these conflicts. All staff, trustees/committee members are made aware of this conflicts of interest policy and, to encourage transparency, a copy is also made available publicly on the preschool website.

**Types of conflicts of interest**

A conflict of interest can arise for a member of staff or trustee/committee member in situations where there is the potential for:

* *Direct financial gain or benefit:* Circumstances that involve a trustee/committee member receiving a direct financial gain or benefit might include:

- Employing a trustee to work in a paid post within the charity.

- Paying a trustee, or an organisation which a trustee has a financial interest in, for services provided to the charity.

- Selling charity equipment to a member of staff or trustee/committee member.

- A member of staff or trustee/committee member providing a loan to the charity.

- A waiver or reduction in childcare fees for a trustee/committee member.

* *Indirect financial gain:* This can include the employment of a trustee/committee member’s partner by the charity, as the trustee/committee member may benefit indirectly from their partner’s salary.
* *Non-financial gain:* A non-financial gain can include if a trustee/committee member is treated favourably when using the services of the charity, because they are a trustee/committee member, such as if they were given priority above other families when applying for childcare sessions.
* *Conflicts of loyalty or duty:* These might arise for trustees if:

- A partner, relation or close friend is employed by the charity.

- They are a trustee/committee member, employee or member of another organisation that has dealings, or may be in direct competition, with the charity e.g. for a funding bid.

**Procedures**

* The charity will keep a record of potential conflicts of interest for the trustees/committee members, recording information such as:

- Significant business interests, including property holdings.

- Membership or board positions in other organisations.

- Significant participation in any form of a campaigning or political body.

- Relationships with any employees of the charity, or any potential employees, suppliers, service providers or funders to the charity.

- Situations where the trustee has the opportunity to benefit, including whether authority has been obtained.

* Trustees/committee members are asked to disclose any known interests which may conflict with the work of the charity, on invitation to join the charity as a trustee/committee members and annually thereafter to keep records up-to-date.
* As not all conflicts of interest can be predicted in advance, trustees/committee members, including members of staff who have become trustees are asked to declare any potential conflicts of interest at the start of the meeting, and must withdraw from any discussions and voting on the matter concerned.

* To ensure transparency, the trustee/committee member is usually asked to leave the meeting at this point so that it cannot be claimed that they influenced the decision; although they may be asked to provide relevant information prior to this.
* Where a trustee/committee member withdraws from discussions due to a conflict of interest, they are not included in the quorum; whether they leave the room or remain present. If this makes the discussion inquorate, voting and decision-making on the matter is postponed until the next quorate meeting.
* The conflict of interest and the action taken are recorded in the minutes of the meeting.
* Each trustee/committee member is responsible for declaring any matters that may present any actual or potential conflict of interest. If any trustee/committee member is uncertain about what matters they should declare, they must raise the issue with the other trustees/committee members. The Chairperson will seek advice from the Charity Commission where necessary. The Charity Commission advice and any actions taken in following the advice will be recorded in the minutes.
* The trustees/committee members must notify the Charity Commission if they find that a trustee/committee member is receiving an unauthorised benefit, or has not acted in the best interest of the charity. In these cases, the trustee/committee member concerned may be in breach of trust and could be liable to repay the value of the benefit to the charity.
* Where a conflict of interest may damage the interests or reputation of the charity, the trustee/committee member may be asked to take steps to put an end to the situation causing the conflict; if necessary by resigning as a trustee of the charity.

This policy was adopted by the Parley Community Pre-school Committee on