

GGCA Conflict of Interest Policy and Procedure

Background: At GGCA, we understand that conflicts of interest is something that can affect charities regardless of type or size. This can involve making decisions that are not in the GGCA's best interest or which are invalid or subject to challenge. We realise that any conflicts of interest has the potential to damage the GGCA's excellent reputation and/or the communities confidence in it. These negative effects can be avoided if individual directors are able to identify conflicts of interest and if the board can take steps to ensure that conflicts of interest do not influence decision-making. All trustees have a legal duty to act only in the best interests of Gilfach Goch Community Association. The Charity Commission expects our Trustees to take appropriate steps in line with this policy and procedure document.

Conflicts of interest can affect the GGCA: The GGCA recognises that Trustees' personal and professional connections can bring benefits to the work of a charity and they often form part of the reason why an individual has been asked to join the trustee body. However, they can also give rise to conflicts of interest. The existence of a conflict of interest does not reflect on the integrity of the affected trustee, so long as the Trustee declares any conflict of interest at the start of each meeting and in the annual independent audit of our accounts.

Expectation: The GGCA expects trustees to identify and address effectively any conflicts of interest that affect them or the GGCA. Conflict of Interest must be on the agenda at the start of all meetings.

Who this policy applies to: This policy and procedure applies to all the Trustees at Gilfach Goch Community Association, which is a registered charity. This policy, also relates to all of our Staff, Volunteers and other relevant Stakeholders in order to ensure any conflicts of interest that may affect the GGCA, including senior staff, can be dealt with correctly.

Technical terms used in this Policy and Procedure

Breach of duty: this means a breach of any trustee duty. For charity trustees, these duties depend on the nature of the charity. Trustees have duties under the Companies Act 2006 and the Charities Act 2011. The main terms that Trustees need to understand are as follows:

Connected person: in broad terms this means family, relatives or business partners of a trustee, as well as businesses in which a trustee has an interest through ownership or influence. The term includes a trustee's spouse or unmarried or civil partner, children, siblings, grandchildren and grandparents, as well as businesses where a trustee or family member holds at least one-fifth of the shareholding or voting rights. If in doubt about whether a person or business is a connected person seek advice.

Where a charity is either paying a connected person for goods or services, or disposing of land to a connected person, the charities act defines what a connected person is at s188 (for goods and services) and s118 (for land disposals).

Conflict of loyalty: this means a particular type of conflict of interest, in which a trustee's loyalty or duty to another person or organisation could, or could be seen to, prevent the trustee from making a decision only in the best interests of the charity.

Expenses: this means refunds by a charity of legitimate payments which a trustee has had to meet personally in order to carry out their trustee duties. Any reasonable costs that allow trustees to carry out their duties can be classed as legitimate expenses and paid from the charity's funds.

Goods or services: this means services provided, or goods provided, or goods and services provided together.

Governing document: this means the legal document i.e. the GGCA Constitution which sets out the charity's objects and how it is administered.

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Trustee: this means the GGCA trustee who are responsible for the general control of the management of the administration of the charity. In a charity's governing document, they may be collectively called trustees, the board, managing trustees, the management committee, governors or directors, or they may be referred to by some other title.

Trustee benefit: this means any instance where money, or other property, goods or services, which have a monetary value, are received by a trustee from the charity. The law says that trustees cannot receive a benefit from their charity, whether directly or indirectly, unless they have an adequate legal authority to do so. The potential for a trustee to benefit from the charity also creates a conflict of interest which the trustees need to address effectively. The term trustee benefit does not include any payments to trustees which are for their proper out of pocket expenses.

Service user trustee: this means any trustee who makes use, as a beneficiary of the charity, of the equipment, facilities, services or support that are provided as part of the charitable purposes of their charity.

Conflicts of interest: Trustees have a legal duty to act only in the best interests of Gilfach Goch Community Association. The Trustees must not put themselves in any position where their duties as trustee may conflict with any personal interest they may have. This means that they should handle conflicts of interest using the following steps:

Identify conflicts of interest

Trustees must:

- each have an individual personal responsibility to declare conflicts of interest which affect them
- should have strong systems in place so that they are able to identify conflicts of interest.

Prevent the conflict of interest from affecting the decision: Trustees must make their decisions only in the best interests of the GGCA. This means that they must consider the issue of the conflict of interest so that any potential effect on decision making is eliminated. How they do this will depend on the circumstances. In cases of serious conflicts of interest it may mean the trustees deciding to remove the conflict by:

- not pursuing a course of action
- proceeding with the issue in a different way so that a conflict of interest does not arise
- not appointing a particular trustee or securing a trustee resignation

Where trustees have decided against removal of the conflict of interest they must prevent it from affecting their decision in a different way. They:

- must follow any specific requirements in the law or the GGCA's constitution.
- may, exceptionally, need to seek the authority of the Charity Commission where the conflict of interest is so acute or extensive that following these options will not allow the trustees to demonstrate that they have acted in the best interests of the charity

Conflicts of interest often arise because a decision involves a potential trustee benefit. Where this is the case:

- the trustee benefit must be properly authorised and (legal requirement)
- the trustees must follow any conditions attached to the authority which say how the conflict of interest should be handled (legal requirement)

Record conflicts of interest

Trustees must:

- formally record any conflicts of interest and how they were handled
- disclose any trustee benefits in the charity's accounts

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Identifying conflicts of interest: The GGCA expects individual trustees and trustee bodies to be able to identify any conflicts of interest at an early stage. The law says that each individual trustee must avoid putting themselves in a position where their duty to act only in the best interests of the charity could conflict with any personal interest they may have. In practice this means that:

- individual trustees who fail to identify and declare any conflicts of interest will fail to comply with their personal legal responsibility to avoid conflicts of interest and act only in the best interests of the charity
- the trustee body must ensure that any conflicts of interest do not prevent them from making a decision only in the best interests of the charity

The early identification of conflicts of interest is key to ensuring that trustees act only in the best interests of the charity. This section describes what a conflict of interest is, the written policies and procedures trustees should have in place, and the common situations where conflicts of interest arise.

What is a conflict of interest: A conflict of interest is any situation in which a trustee's personal interests or loyalties could, or could be seen to, prevent the trustee from making a decision only in the best interests of the charity.

Key points about identifying conflicts of interest: A conflict of interest exists even where there is the possibility that a trustee's personal or wider interests could influence the trustee's decision making. Even the perception that there is a conflict of interest can damage the charity. Where the perception is not accurate because there is no conflict of interest, the trustees should always be able to respond appropriately to the situation by managing the risks to the charity and being prepared to explain how they have made their decisions only in the best interests of the charity.

Being prepared to respond to conflicts of interest

- The GGCA ask at the start of every meeting whether there is any conflicts of interest that need to be declared. We suggest that where there is doubt, a potential conflict should be declared and decided upon prior to moving forward with the agenda items for that meeting.
- The GGCA recognise that for good practice, this policy and procedure is required to help individual trustees and the trustee body to identify conflicts of interest promptly.
- The GGCA encourages trustees to be open and transparent.
- The GGCA will consider conflicts of interest as a pre-appointment issue and prospective Trustees should declare any possible conflict of interest prior to appointment.

Where and how do conflicts of interest arise: Conflicts of interest usually arise where either:

- there is a potential financial or measurable benefit directly to a trustee, or indirectly through a connected person
- a trustee's duty to the charity may compete with a duty or loyalty they owe to another organisation or person

Benefits to trustees: Trustees can only benefit from their charity where there is an explicit authority in place before any decision conferring trustee benefit is made.

Conflicts of loyalty: These conflicts of interest arise because, although the affected trustee does not stand to gain any benefit, the trustee's decision making at the charity could be influenced by their other interests. For example, some conflicts of loyalty arise because a trustee has a competing legal obligation or duty to another organisation or person.

Identifying low risk conflicts of loyalty: Deciding that a conflict of interest is low risk, and that the affected trustee can participate in the decision, is a judgement for the trustees. It is not possible to give a definitive view of when this

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is appropriate. It depends on the particular decision and relevant circumstances. The trustees must take all relevant factors into account and be ready to explain their approach if asked.

Appointed trustees: Where a trustee is elected, or appointed, by a connected organisation or other third party, they must act only in the best interests of the GGCA in carrying out their trustee role.

Preventing conflicts of interest from affecting decision making: The GGCA Trustees, having identified a conflict of interest, must act only in the best interests of the GGCA. This means that they must consider the issue of the conflict of interest so that any potential effect on decision making is eliminated. How they prevent the conflict from affecting decision making will depend on the circumstances. Trustees must:

- always declare any conflicts of interest which affect them
- be aware that any failure to declare a conflict of interest is a serious issue
- the GGCA Board of Trustees must consider whether serious conflicts of interest should be removed
- The GGCA requests that affected trustees should not participate in any decisions where they stand to gain, whether directly, or indirectly through a connected person
- where there is a conflict of loyalty, the Board of Trustees should carefully handle any participation by a conflicted trustee
- irrespective of the approach trustees take to prevent a conflict of interest from affecting their decision making, they should be able to demonstrate that their decision was made only in the best interests of the GGCA.

Declare conflicts of interest: It is the trustee's legal duty to act only in the best interests of the which means that individual trustees who fail to declare any conflicts of interest will fail to comply with their trustee legal duties. The GGCA have systems in place so that individual trustees:

- have a clear understanding of the circumstances in which they may find themselves in a position of conflict of interest
- and understand their personal duty to declare them

The systems include:

- conflicts of interest as a standard agenda item at the beginning of each trustee meeting to declare any actual or potential conflicts of interest.
- A trustee should declare any interest which he or she has in an item to be discussed, at the earliest possible opportunity and certainly before any discussion of the item itself.
- If a trustee is uncertain whether or not they are conflicted, they 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 other trustees or the chair.

Consider removing the conflict of interest: Serious conflicts of interest include, but are not limited to, those which:

- are so acute or extensive that the trustees are unable to make their decisions in the best interests of the charity, or could be seen to be unable to do so
- are present in significant or high risk decisions of the trustees
- mean that effective decision making is regularly undermined or cannot be managed in accordance with the required or best practice approach
- are associated with inappropriate trustee benefit

In practice removing the conflict of interest is likely to mean:

- not pursuing the course of action
- proceeding with the issue in a different way so that a conflict of interest does not arise.
- securing the resignation of a trustee affected by a conflict of interest

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- not making trustee appointments which will introduce a conflict of interest

Withdrawing from decision making where there is a conflict of loyalty: Where there is a conflict of loyalty and the affected trustee does not stand to gain any benefit the affected trustee should declare the interest. The other trustees must then decide what level of participation, if any, is acceptable on the part of the conflicted trustee. Ultimately it is a matter for the GGCA trustees to decide whether withdrawal is in the best interests of the charity when this type of conflict has been declared. The options might include, but are not limited to, deciding whether the trustee:

- having registered and fully declared the interest, can otherwise participate in the decision - the governing document of some charities allows the non-conflicted trustees to authorise a conflicted trustee to fully participate in this type of decision
- can stay in the meetings where the decision is discussed and made but not participate
- should leave the meeting at the point the conflicted item is due to be discussed and have no part in the discussion or decision making relating to the conflicted item.

In deciding which course of action to take, trustees:

- must always make their decisions only in the best interests of the charity
- should always protect the charity's reputation and be aware of the impression that their actions and decisions may have on those outside the charity
- should always be able to demonstrate that they have made decisions in the best interests of the charity and independently of any competing interest
- should require the withdrawal of the affected trustee from any decisions where the trustee's other interest is relevant to a high risk or controversial trustee decision or could significantly affect, or could be seen to significantly affect, the trustee's decision making at the charity
- can allow a trustee to participate where the existence of their other interest poses a low risk to decision making in the charity's interests, or is likely to have only an insignificant bearing on their approach to an issue - if the charity is a company this approach must be allowed by the governing document
- should be aware that the presence of a conflicted trustee can affect the relationship between trustees, could inhibit free discussion and might influence decision making in some way
- should, where there are no governing provisions setting out how conflicts of interest should be handled, consider updating their governing document to include provisions for dealing with conflicts of interest, including the circumstances where they will require withdrawal from decision making

Trustees cannot use information obtained at the charity for their own benefit or that of another organisation if it has been obtained in confidence or has special value such as commercial sensitivity.

Record the conflict of interest

Keep a written record of the decision: The GGCA expects the written records i.e. minutes of meetings to document any conflicts of interest and how the trustees have dealt with them. Where there is a conflict of interest, the trustees should ensure that the written record of the decision shows:

- the nature of the conflict
- which trustee or trustees were affected
- whether any conflicts of interest were 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

Recording decisions in this way helps trustees to show that they have acted properly and complied with their duties.

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Disclose payments or benefits

The GGCA request that all Trustees register any conflict of interests in the annual accounts. This is also a legal requirement. Failure to act properly where there is a conflict of interest is a breach of the trustees' legal responsibilities.

Regulatory consequences

The Charity Commission will intervene where it has concerns about trustee misconduct or mismanagement or if there is a risk to charity property.

Remedial action by the trustees

In situations where the conflict is low, the GGCA's minimum expectation of trustees is that they:

- take reasonable steps to assess and manage any risks to the charity's work and reputation
- make a full record of the issue and how they have handled it
- review or develop a conflicts of interest policy, ensure that all trustees are made aware of its content and meaning, and fully implement the policy in the future

Corrective regulatory advice

Where the impact of the decision subject to the conflict of interest is higher and in the event the GGCA is unable to rectify the situation, the Charity Commission will give corrective regulatory advice which includes specifying what the trustees should do to remedy the situation and to ensure that it doesn't recur.

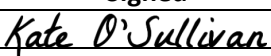

Using the Charity Commission's powers

The Charity Commission will intervene using its investigative powers in serious or high risk cases. This will usually be where the issue or allegation presents a serious risk to the charity or to public confidence in charities generally.

Reputational consequences including damage to public confidence in charities







Trustees should be aware of the significant negative effects that a conflict of interest can have on the charity's reputation and on public trust and confidence generally. If those outside the trustee body, such as the charity's funders or other supporters, have the impression that the trustees have acted in their own interests rather than those of the charity, this may have reputational consequences and affect future funding. When dealing with conflicts of interest, trustees should be aware of how the situation may appear to someone from outside the charity, and make sure that policies and procedures are in place which will allow trustees to demonstrate that such situations have been dealt with properly.

This policy was revised and adopted on 20.05.2025. The next review date will be on or before 20.05.2026.

| Print Name | Signed | Date |
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