



## Wigtown Bay Coastal Rowing Club

### Conflict of Interest Policy & Procedure

To be read in conjunction with Wigtown Bay Coastal Rowing Club SCIO Constitution, and Wigtown Bay Coastal Rowing Club Code of Conduct.

The Constitution describes the Members' powers to act should they feel that the trustees are not acting in accordance with the SCIO's purposes or in accordance with their general duties as Trustees.

Specific relevant extracts for Trustees are identified in Appendix 1 to this document.

#### Introduction

#### What is a Conflict of Interest?

A conflict of interest is any situation where there is a potential for a charity trustee's personal or business interests (or the interests of someone they are connected with) to be different from the interests of the charity. In this situation, it may sometimes be difficult for the charity trustee to make an impartial decision. However, with proper handling charity trustees can overcome these difficulties.

There are two main types of conflict of interest:

1. **Appointment conflict:** This is a conflict of interest which can arise between a charity trustee and the person or organisation which appointed them.

#### For example:

A charity trustee appointed by a local school, church or local authority and a decision is required on a matter which affects both the charity and the other organisation.

2. **Personal conflict:** When you might not be able to do what is best for the charity because it conflicts with your own personal or business interest in relation to that matter.

*It's entirely natural for conflicts of interest to occur on third sector boards and committees. People that become trustees tend to be committed, energetic, and socially aware individuals, who, more often than not, have their fingers in lots of worthy pies and good causes. So don't panic if you or someone on your board is faced with a conflict of interest. It's not about trying to prevent it – it's how you manage it that matters.*

*The Cambridge Dictionary online defines a conflict of interest as 'a situation in which someone cannot make a fair decision because they will be affected by the result'.*

*All trustees have a legal duty to act in their organisation's best interests when making decisions. If a trustee has a personal interest, financial or otherwise, in a decision, then they may not be able to comply with their duties as a trustee. Similarly, if your duty to your charity competes with a duty or loyalty to another organisation or person, then again there's a conflict of interest.*

*Tracy Bird 4<sup>th</sup> February 2015 SCVO.Scot*

**For example:**

When a charity is considering a contract with a business and one of the charity trustees is also a director of that business.

In both cases, the charity trustee duties require our SCIO trustees to act in the interests of our charity.

Where there is an 'appointment conflict' the charity trustee must put the interests of the charity first. However, where another duty prevents the charity trustee from putting the interests of the charity first they must:

- disclose the conflict to the charity and
- not participate in any discussion or decision making on the matter.

It is important that even where there *appears* to be a conflict of interest, whether it materialises or not, we take appropriate steps to manage the conflict and be seen to be acting in the best interests of the charity.

The term 'conflict of interest' can cover a range of situations and may also be called a 'conflict of roles' or 'conflict of duty'.

**For example:**

- a charity trustee could get direct financial benefit from a decision the charity has to make
- a charity trustee is discussing a contract or business arrangement with an organisation their family have links to
- a charity trustee is also an employee of a company that the charity is doing business with
- an employee, or potential employee, of the charity is connected to one of the charity trustees.
- being a trustee of two or more charities that are competing with each other for the same grant(s) or funding
- being a trustee of a charity that gives out grants and a trustee of another charity applying for one of these grants
- being a trustee of a charity that is part of a group structure and being on the board of the parent charity
- being a trustee of a charity where you are also a service user or customer
- a charity trustee applying for a job in the charity.

**Examples of what is not a conflict of interest:**

- being a charity trustee and donating funds to the charity
- being both a volunteer and a trustee of charity.

Having a conflict of interest does not necessarily mean that anyone has acted improperly. As charity trustees we have a **collective responsibility** to manage conflicts of interest and to act clearly in the charity's best interests.

## Management of Conflicts of Interest

Trustees of Wigtown Bay Coastal Rowing Club SCIO will manage conflicts of interest by

### Identify

- Identifying the conflict of interest
- Defining whether it is by appointment or personal
- Acting collectively Trustees will prioritise Wigtown Bay Coastal Rowing Club purposes above personal or appointment interest.
- Acting in accordance with sections 76 to 82 of Wigtown Bay Coastal Rowing Club SCIO Constitution.

### Manage

- Any trustee declaring a conflict of interest will disclose the substance of the conflict to the charity and not participate in any discussion or decision making on the matter.
- Acting collectively Wigtown Bay Coastal Rowing Club Trustees will prioritise the interests of the club as per the general duties of a SCIO trustee.

### Record

- The Trustees shall keep a written record of the issue, which trustee was affected, and how we dealt with it in the minutes of our meetings.
- Note if the conflict of interest is declared in advance, we shall outline the discussion, and record if anyone withdraws, and how the trustees made decision(s) in our charity's best interests.

### Learn

- Learn from the experience, make improvements to the charity's policy and procedures and where necessary seek professional advice.
- Where conflicts of interest arise frequently and a few charity trustees must withdraw from discussion, we shall consider whether the make-up of the Board is preventing the effective management of the charity.
- We shall ensure the charity's governing document has the power to remove charity trustees who are in serious or persistent breach of [the 2005 Act](#).

## Appendix 1

Constitution extracts of particular relevance to this policy and procedure.

### Purposes

4 The organisation's purposes are:

- 4.1 To support the advancement of the arts, heritage, culture or science, the club will promote and support the building and use of coastal rowing boats in the Wigtown Bay area centred on the harbour at the Isle of Whithorn.
- 4.2 To support advancement of public participation in sport, the club will promote coastal rowing as a healthy activity, which can be done safely by people of all ages at a level suited to their competence, experience and state of fitness and which in addition provides unique opportunities to be close to nature and wildlife.
- 4.3 To support the provision of recreational facilities, or the organisation of recreational activities with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended, the club will encourage members of the general public, of all ages to take part in the activities offered by the Club.

### Charity trustees - general duties

76 Each of the charity trustees has a duty, in exercising functions as a charity trustee, to act in the interests of the organisation; and, in particular, must: -

- 76.1 seek, in good faith, to ensure that the organisation acts in a manner which is in accordance with its purposes.
- 76.2 act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person.
- 76.3 in circumstances giving rise to the possibility of a conflict of interest between the organisation and any other party:
  - 76.3.1 put the interests of the organisation before that of the other party.
  - 76.3.2 where any other duty prevents them from doing so, disclose the conflicting interest to the organisation and refrain from participating in any deliberation or decision of the other charity trustees with regard to the matter in question.
- 76.4 ensure that the organisation complies with any direction, requirement, notice, or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.

- 77** In addition to the duties outlined in clause 76, all of the charity trustees must take such steps as are reasonably practicable for the purpose of ensuring: -
- 77.1** that any breach of any of those duties by a charity trustee is corrected by the charity trustee concerned and not repeated; and
- 77.2** that any trustee who has been in serious and persistent breach of those duties is removed as a trustee.
- 78** Provided they have declared their interest - and have not voted on the question of whether or not the organisation should enter into the arrangement - a charity trustee will not be debarred from entering into an arrangement with the organisation in which they have a personal interest; and (subject to clause 79 and to the provisions relating to remuneration for services contained in the Charities and Trustee Investment (Scotland) Act 2005), they may retain any personal benefit which arises from that arrangement.
- 79** No charity trustee may serve as an employee (full time or part time) of the organisation; and no charity trustee may be given any remuneration by the organisation for carrying out their duties as a charity trustee.
- 80** The charity trustees may be paid all travelling and other expenses reasonably incurred by them in connection with carrying out their duties; this may include expenses relating to their attendance at meetings.

#### **Code of conduct for charity trustees**

- 81** Each of the charity trustees shall comply with the code of conduct (incorporating detailed rules on conflict of interest) prescribed by the board from time to time.
- 82** The code of conduct referred to in clause 81 shall be supplemental to the provisions relating to the conduct of charity trustees contained in this constitution and the duties imposed on charity trustees under the Charities and Trustee Investment (Scotland) Act 2005; and all relevant provisions of this constitution shall be interpreted and applied in accordance with the provisions of the code of conduct in force from time to time.