

## Conflicts of Interest Policy

### Introduction

1. A conflict of interest is any situation in which an individual's personal interests, or interests which they owe to another body, and those of the BDA arise simultaneously or appear to clash. It is inevitable that conflicts will arise and there is a need to manage any potential to profit from an individual's position in the Principal Executive Committee (PEC), country councils or craft and advisory committees or for them to be influenced by conflicting loyalties. This also applies to staff where conflicts or potential personal gain may arise from their employment by the BDA (*members of the PEC, country councils, craft and advisory committees, including office holders, and staff, are referred to as 'all those affected by this policy' in the remainder of this document*).
2. Some members of the PEC are also Trustees of the BDA Trust Fund. As such it is appropriate that there is adherence to guidance issued by the Charity Commission which seeks to help trustees and to manage conflicts of interest.
3. The need to declare (and therefore manage) conflicts of interest applies not just within the not-for-profit sector. The Committee on Standards in Public Life, set up by the Government with the aim of ensuring the highest standards of propriety in public life, acknowledged the need to declare and manage conflicts of interest.
4. Even the appearance of an unmanaged conflict of interest can damage an organisation's reputation, so conflicts need to be addressed or managed carefully. This policy is based on legislation, regulation and best practice in governance. The policy is intended to protect both office holders and staff themselves from accusations of bias as well as the organisation as a whole.

### Managing conflicts of interest

#### *Principal Executive Committee*

5. The PEC is both the BDA's Board of Directors and the Principal Executive Committee for the purposes of trade union law. It is the only body that can take decisions on the operational and strategic direction of the organisation. As such, the PEC should be subject to the most stringent management of conflicts of interest.
6. The Secretary to the PEC maintains a Register of Interests for the PEC, and all members are asked to declare any outside interests by completing and submitting the Declaration of Interests form annually. Nil returns should be submitted by those who have nothing to declare.
7. Members must update their declarations of interest prior to the next annual return by reporting them to the whole PEC, and copied to the Secretary. The Secretary shall make the Register of Interests available at each meeting of the PEC.
8. There will be a regular item on the agenda for each meeting of the PEC providing an opportunity for declarations of interest to be reported, and recorded in the minutes in addition to the Register of Interests.

9. The PEC must discuss how any conflict of interest is going to be addressed or managed once it is declared, or arises during a meeting. Once the person with the conflict of interest has made the declaration (or who has been challenged as having a conflict) and has explained (or responded to) the nature of the conflict, they should withdraw from the meeting to allow the other members to discuss the implications. The usual options are for the individual's interest to be noted each time the item arises or, where there is a material interest, the individual should withdraw from the meeting and take no part in the discussion or decision. The decision on how the conflict will be managed must be recorded in the minutes, with the extract from the minutes placed in the Register of Interests.
- 10.. Declarations of gifts or hospitality should be noted in the minutes, with a clear record that the declaration has been regarded as producing a conflict (and so a record of how the conflict will be managed) or agreement that the gift or hospitality does not entail a conflict of interest. If it is concluded that a gift or hospitality does not entail a conflict of interest, there shall be no need for this to be recorded in the Register of Interests beyond the record in the minutes.
11. A culture of challenge is also encouraged. A PEC member should question whether a conflict of interest has arisen for another member, and if accepted as a conflict, its management should be considered in accordance with the policy.

*Country Councils, Craft and advisory committees*

12. Country Councils, craft and advisory committees have a very important role in representing members and advising the PEC on the detail of policy. This will involve proposing policy options to the PEC, and sometimes conducting detailed negotiations with Government ministers and civil servants. The country councils also have an important constitutional role in holding the PEC to account on behalf of members, and the United Kingdom Council can convene an Extraordinary General Meeting of the Association to propose the dissolution of the PEC and call for fresh elections. Members of country councils, and craft and advisory committees, although they do not have formal decision making responsibilities, must therefore undertake their responsibilities objectively and in the best interests of the Association.
13. It is not anticipated that conflicts of interest will present comparable issues for scrutiny, either in terms of the number or complexity, as those for the PEC. As such a separate Register of interests is not maintained for members of country councils, craft and advisory committees. Members will not be required to complete an annual declarations of interest form. Any minute though recording a declaration of interest, and how a committee intends to manage any conflict, must be sent to the Secretary to the PEC, who will ensure that the Audit Committee is notified.
15. There will be a regular item on the agenda for each meeting of the committee providing an opportunity for declarations of interest to be reported, and recorded in the minutes.

16. The country council or committee must discuss how any conflict of interest is going to be addressed or managed once it is declared, or arises during a meeting. Once the person with the conflict of interest has made the declaration (or who has been challenged as having a conflict) and has explained (or responded to) the nature of the conflict, they should withdraw from the meeting to allow the other council or committee members to discuss the implications. The usual options are for the individual's interest to be noted each time the item arises or, where there is a material interest, the individual should withdraw from the meeting and take no part in the discussion or decision.
17. Declarations of gifts or hospitality should be noted in the minutes, with a clear record that the declaration has been regarded as producing a conflict (and so a record of how the conflict will be managed) or agreement that the gift or hospitality does not entail a conflict of interest.
18. A culture of challenge is also encouraged. A country council or committee member should question whether a conflict of interest has arisen for another member, and if accepted as a conflict, its management should be considered in accordance with the policy.

*Members of staff*

19. Members of staff must make any declarations of interest in accordance with this policy to the Chief Executive, who will ensure the appropriate management of the conflict. He will also ensure that the declaration of interest by the member of staff, and his decision on how it will be managed, is reported to the Audit Committee.

**Role of the Audit Committee**

20. The Register of Interests for the PEC will be reviewed by the Audit Committee after each annual declaration of interests, and it shall also review any updated declarations. The Audit Committee will also consider declarations of interest recorded in country councils, craft and advisory committees. The Audit Committee can investigate and challenge conflict management decisions in the PEC, or any country council or committee, and can direct the PEC, country council or committee concerned to adopt alternative actions. It may also recommend alternative actions in regard to the decisions taken by the Chief Executive in regard to the management of a conflict issue for a member of staff. The PEC may appoint substitute members of the Audit Committee, where members of the Audit Committee themselves are potentially affected by a conflict of interest.
21. If the PEC, country council, craft or advisory committee cannot reach a conclusion about the management of a conflict of interest, then the issue can be referred to the Audit Committee for guidance. The Audit Committee will if necessary direct the PEC, country council or committee concerned on appropriate actions, and the decisions of the Audit Committee will be final.
22. If the majority view in the PEC, or any country council, craft or advisory committee that an individual's conflict of interest is so significant that it should exclude him or her from office within the PEC, country council or committee, or from membership of a country council, craft or advisory committee itself, then the matter should be referred to the Audit Committee for resolution. The Audit Committee's decision will be final.

23. A member of the PEC, country council, craft or advisory committee, or a member of staff, may refer an issue to the Audit Committee if s/he considers that a conflict of interest is not being managed appropriately in his/her country council or committee, or any other country council or committee of which s/he has knowledge. The Audit Committee will consider if any action is required, and its decisions will be final.

**What happens if a conflict of interest is unmanaged?**

24. Unmanaged conflicts of interest place pressure on all those affected by this policy. They may feel uncomfortable voting against the interests of a fellow office holder; or feel obliged to vote in favour of the office holder's interests if they are close friends or colleagues. Finally, unmanaged conflict of interest can affect the reputation of the organisation and those within it. The perception of unmanaged conflicts of interest could lead to doubts about the organisation's probity and transparency, and concerns of poor governance.
25. When considering whether a conflict of interest exists, all those affected by this policy should consider how the issue might be perceived by members or people outside of the organisation.
26. All those affected by this policy should always seek advice from the Chief Executive on any issues they are unclear about, or if they may have received an unauthorised benefit, or they have not declared an interest. In the case of PEC members who are Trustees, the Finance Director will, if necessary, seek clarification and remedy from the Charity Commission.

**Trustees of the BDA Trust Fund**

27. Charity law states that trustees (some members of the PEC) cannot receive any benefit from his or her charity without explicit authority being given in the governing document. The BDA does not have an explicit authority to permit any payment to trustees for services related to the BDA Trust Fund.
28. If during discussions on BDA Trust business, a trustee materially benefits from a PEC decision, and the normal methods of managing the conflict are not sufficient, guidance will be sought from the Charity Commission and this will be reported in the annual report and accounts in accordance with SORP 2005.
29. If an elected member has received a benefit which is not authorised by the governing document or by the Courts or Charity Commission, they will be acting outside of the terms of the organisation's governing document and may be in breach of trust. In extreme cases, the remedy for this, depending on the type of interest and benefit gained, could involve paying back to the organisation the value of the benefit, or the transaction being challenged by the Charity Commission. If the office holder is deemed to have deliberately placed their own interests ahead of those of the organisation to gain benefit at the expense of the charity, the Charity Commission will open an inquiry and, if fraud is suspected, could refer the matter to the police.