

8

G

N

I

F

E

I

R

B



The Governance Project

Briefing No. 8 – March 2010

Conflict of Interest

Introduction

The funding for advice has changed considerably in recent times. Some funders are encouraging partnership working believing that partnerships where organisations work together to provide a better or more comprehensive service to clients achieves more than organisations working in isolation. Other funders such as Local Authorities are moving towards commissioning services and currently advice organisations contracting to provide Legal Help are in the process of tendering for new contracts with the Legal Services Commission. Following the tendering process undertaken by the Legal Services Commission contracts will be awarded for the delivery of Legal Aid for the next three years.

This changing funding environment means that organisations may have to compete against each other at a local and national level for contracted services to remain sustainable. This competitive edge is creating difficulties for Boards and Management Committees particularly where Trustees and Directors of Companies may find themselves in a conflict situation.

What is a Conflict of Interest?

A conflict of interest is any situation in which a Director/Trustee's personal interests, or interests which they owe to another body, and those of the charity of which they are a Trustee arise simultaneously or appear to clash.

It is inevitable that conflicts of interest occur. The issue is not the integrity of the Trustee concerned, but the management of any potential to profit from a person's position as Trustee, or for a Trustee to be influenced by conflicting loyalties. Even the appearance of a conflict of interest or of loyalty can be potentially damaging to the Trust's good reputation, or its interests, or both, and consequently any conflict needs to be avoided and if identified, managed carefully.

The need to avoid and declare any conflict does not only apply to Trustees. It applies also to any Trust office staff, or Honorary Trustee, who is able to influence procurement or Trust expenditure, or who, by virtue of affiliation with other philanthropic fundraising bodies, may provoke a conflict of loyalty.

What does the Law say about Conflict 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 itself. This legal authority will come either from a clause in the charity's governing document or, where there is no adequate clause in the governing document, from the Charity Commission or the Court.

The rule that a Trustee cannot receive any benefit from his or her charity without explicit authority is based on the principle that Trustees should not be in a position where their personal interests and their duty to the charity conflict, unless the possibility of personal benefit from which the conflict of interest arises is transparent. Transparency is achieved by requiring explicit authorisation of the benefit, and by ensuring that any particular conflict of interest is properly and openly managed.

It is the potential, rather than the actual, benefit from which the conflict of interest arises which requires authority. In order to avoid a breach of trust and to ensure transparency, authority is required where there is a possibility of benefit. This will avoid accusations of impropriety, which could in turn have a damaging effect on the charity's reputation.

Not all benefits enjoyed by Trustees need to be authorised by the governing document, the Charity Commission or the Courts. It is perfectly acceptable to repay reasonable out of pocket expenses to Trustees. Any costs that are necessary to allow a Trustee to carry out his or her duties as a Trustee can be classed as expenses and recovered from the charity or met directly by the charity. This may include travel costs and the cost of providing care for a dependent whilst attending a Trustee meeting or when undertaking Trustee business. It may also include the cost of providing documents in Braille or on audio tape for a Trustee who is blind or providing special transport, equipment or facilities for any Trustee with a disability.

Benefits that are available to all, or that are of inconsequential or little measurable value, will not normally need to be authorised, such as the use of the local community centre for meetings by one of the community centre Trustees. This would not need to be authorised, as the facilities are available to all members of the local community, which includes the Trustees.

Where a Trustee has a conflict of interest or loyalties on a particular issue, but there is no potential for profit, the governing document may still require this Trustee to declare his or her interest and take no part in deciding that issue. Any requirement of this kind must be strictly complied with.

Conflict of Interest duties of Company Directors as set out in the Companies Act 2006 relate to those organisation's that are not Registered Charities, but in general follow the same principles as those set out by the Charity Commission.

How is a Conflict of Interest Identified?

Conflicts of interest may come 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 will receive a financial benefit; or
 - The employment of a Trustee in a separate post within the charity, even when the Trustee has resigned in order to take up the employment.
- indirect financial gain, such as employment by the charity of a spouse or partner of a Trustee, where their finances are interdependent;
- non-financial gain, such as when a user of the charity's services is also a Trustee; and
- Conflict of loyalties, such as where a Trustee is appointed by the local authority or by one of the charity's funders, or where a friend of a Trustee is employed by the charity.

Direct financial gain or benefit to a Trustee

Payment of Trustees

The most common type of direct financial gain to a Trustee is the payment of a Trustee. The Charity Commission states the following type of payments:

- payment to a Trustee for a service provided to the charity, such as painting the charity's premises, or legal or accountancy services;
- payment for acting as a Trustee; and
- Payment for a separate post within the charity, such as Chief Executive, to someone who is also a Trustee.

If Trustees wish to pay one or more Trustees, such payment will need to be authorised, either by a clause in the charity's governing document, or by an Order of the Court or the Charity Commission. This authorisation is needed even if the Trustee will be providing a service to the charity at below market cost, since the conflict of interest will still exist.

In the case of a Trustee also being employed in a separate post within the charity, or a Trustee being paid for a service provided to the charity, the conflict of interest may result in a liability to repay salary or other related benefits. It should not be assumed that such conflict can be overcome merely by the person concerned resigning as a Trustee, either before or after taking up the post. The only instance where authority may not be needed is where, practically, the Trustees can show that there is no conflict of interest. This is confined to the fairly narrow circumstance where the Trustee concerned:

- has had no significant involvement with the Trustees' decision to create or retain the post, or with any material aspect of the recruitment process; and

- Where that person resigns as a Trustee in order to apply for the employed post in advance of a fair and open competition for it.

All other circumstances require an express authority. Further information on this issue can be found in the Charity Commission's guidance [OG92](#).

Further information about the payment of Trustees, including how to apply to the Charity Commission for authority to pay a Trustee, is contained in the Charity Commission's publication [Payment of charity Trustees \(CC11\)](#).

Trustees as Directors of a subsidiary trading company

When a charity establishes a trading company to undertake a wider range of activities than the charity, it is often the case that a number of the charity Trustees will also become Directors of the trading company. This clearly creates the potential for conflicts to arise between the interests of the charity and the interests of the trading company.

A charity Trustee cannot be paid for his or her services as a Director, or employee, of the subsidiary trading company (or, of course, as an employee or Trustee of the charity), unless authority is contained either in the governing document or has been provided by the Charity Commission.

Trustees making a loan to the Charity or allowing use of property by the Charity

There may be circumstances in which a Trustee of a charity is willing to allow that charity to use the Trustee's property at little or no cost to the charity. Whilst the use of the property for little or no payment will be in the charity's interests, if the charity then changes or makes improvements to an existing property, unless the charity has a formal interest in the property, any buildings or improvements to the property might be returnable to the Trustee.

Similarly, a Trustee may loan money to the charity at a favorable rate of interest, or at no interest, without any security. Whilst the situation may be clearly in the charity's interests, the Charity Commission recommends that it should be formally documented.

In any situation where a Trustee is loaning money to the charity of which they are a Trustee or letting the charity use their property, the Charity Commission expects Trustees to protect themselves and the interests of the charity by ensuring that formal agreements are in place.

Indirect financial gain or benefit to a Trustee

The most common situation in which a Trustee will receive an indirect financial benefit from the charity is when a close relative, such as a spouse or partner, is employed by the charity. By being involved in the appointment or payment of their spouse or partner to a paid position within the charity, the Trustee could be seen to benefit, at least indirectly, from the appointment and the resulting payment.

If the Trustee is wholly or partially dependent upon the financial support of his or her spouse or partner, the payment could be said to directly benefit the Trustee. Even if the Trustee has other income, if he or she and his or her partner or spouse are living in the same household, and are reliant on joint income and share joint expenses, the payment received contributes to the "joint purse" and the Trustee is receiving some benefit through the contribution to these expenses.

Despite the fact that the payment is not being made directly to a Trustee, the payment will still need to be authorised, and if there is no suitable power in the charity's governing document, the Trustees will need to apply to the Charity Commission for the necessary authority.

If the Trustee is not receiving a financial benefit, there will still be a conflict of loyalties and the Trustee will need to follow certain procedures, which are outlined in the section on [conflicts of loyalties](#).

Further information about the payment of spouses or partners of Trustees and how to apply for authority is contained in [Payment of charity Trustees \(CC11\)](#).

Non-financial gain

Users as Trustees

Many charities involve users in an effort to improve services, including appointing users as Trustees of the charity, and this is welcome as a way of helping a charity achieve its aims more effectively.

Defining what is a personal interest can be a difficult area in the context of user Trustees. However, the key to this is the size and nature of the proposed transaction in relation to the number of people who will benefit. Essentially, the question is whether the decision to be taken by the Trustees will confer a direct tangible benefit on the user Trustee which is exclusive to him or her and which is not shared with other users.

For example, a user Trustee in an advice agency may seek advice from an employed solicitor or adviser of the charity. Obviously, this Trustee would be in a position where they might gain from the award of a monetary settlement or direct assistance, and this situation would need to be authorised.

However, often there will be circumstances where user Trustees will be asked to take a decision which indirectly affects them or a relative, such as the level of fee to be charged for a service provided by the charity. We consider that a decision would indirectly affect a Trustee if:

- it results in the user Trustee or relative receiving something which will also be more generally available to other users outside the Trustee body, or;
- It is a general policy or practice decision affecting the service in which the user Trustee or relative, along with other users, participates.

User Trustees can take part in such decisions, but should declare their interest at the outset. More detailed information about users of a charity being Trustees can be found in [Users on Board: Beneficiaries as Trustees \(CC24\)](#).

Conflict of loyalties

Trustees should bear in mind that when they are dealing with 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 the body which appointed them (which could be the organisation where they work), to another charity of which they are a Trustee or to a member of their family. Such conflicts of loyalty will not stop anyone from being a Trustee, but they can occasionally cause conflicts of interest.

Any Trustee who has a conflict of loyalties should declare this and it should be included in the register of interests. They 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.

Nominative or representative Trustees

Trustees appointed by another organisation, such as by a local authority, (sometimes referred to as nominative or representative Trustees) have exactly the same duties and responsibilities as other Trustees. They must act independently of the organisation which appointed them and act only in the best interests of the charity. There may well be occasions where such Trustees will have to act in a way which conflicts with the interests of the organisation appointing them. A typical example of this would be where a Trustee of charity A is also a Trustee (or employee) of charity B and, as a result of being a Trustee of charity A he or she became aware of an opportunity which would also be important for charity B. The Trustee would then face a conflict as to whether to use the knowledge to assist charity B. In such circumstances the best interests of charity A must come first; this duty overrides all other considerations.

Failure to act in the best interests of the charity could constitute a breach of trust for which a personal liability (financial or otherwise) could arise.

Where a conflict of interest arises in relation to a particular issue, for example in relation to a property transaction, the Trustee concerned should not vote on it and should withdraw from any meeting at which it is considered.

It is a good idea to ensure that when nominated or representative Trustees are appointed, the Trustees are fully trained in their responsibilities as Trustees and that the appointing body is also made aware of these responsibilities.

Further information can be found in the Charity Commission's operational guidance [OG 56](#) Local authorities and Trustees.

What are the Consequences of Unmanaged Conflict of Interest?

There can be a number of consequences arising from an unmanaged conflict of interest.

If a Trustee has received a benefit from the charity which is not authorised, either by the charity's governing document or by the Court or the Charity Commission, they will be acting outside the terms of the charity's governing document and may be in breach of trust. Even if the governing document does provide a power for Trustees to receive benefits from the charity, if this power has been used in a way which is not in the best interests of the charity (for example, if a Trustee is buying part of the charity's property for a much reduced price) then a breach of trust might still have occurred. If a breach of trust has occurred, then the transaction could be challenged by the Charity Commission or by another interested party, such as a beneficiary of the charity. Where a Trustee has received an unauthorised benefit, or where a Trustee doesn't personally benefit but does not act in the best interests of the charity, the transaction may not be valid and the Trustee could be liable to pay back the value of the benefit to the charity.

In cases where it seems that Trustees have deliberately placed their own interests ahead of those of the charity in order to gain significant benefit at the expense of the charity, the Charity Commission will open an inquiry and, if appropriate, refer the matter to the police

An unmanaged conflict could also adversely affect the way in which the Trustee body operates. Trustees may find it difficult to make a decision on a matter which involves a fellow Trustee. You may feel that you should decide in favour of the Trustee as you know him or her, or that, for the same reason, you should decide against him or her, even if the Trustee's and the charity's interests are the same. You may also feel uncomfortable voting against the interests of a fellow Trustee.

In addition to the legal consequences of an unmanaged conflict of interest, Trustees also need to be aware of the effect that an unmanaged conflict can have on the charity's reputation. If those outside the Trustee body have the impression that the Trustees have acted in their own interests rather than those of the charity, this could damage the reputation of both the charity and the Trustees, even where the Trustees have acted in the charity's best interests. This could affect the charity's fundraising and the confidence of staff, volunteers and beneficiaries in the charity. Additionally, if the publicity is widespread, Trustees may need to devote time and resources to defending the decision they have made, which will divert resources away from carrying out the objects of the charity.

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 policy and procedures are in place which will allow Trustees to demonstrate that such situations have been dealt with properly.

Do we need to change our articles to permit Directors to authorise a conflict of loyalty arising from a Director being a Trustee of another charity working in the same area?

Concern has been expressed about authorising conflicts arising from Directors being Trustees of other charities whose interests may conflict with those of the charitable company. Many sets of articles will contain a provision similar to that recommended in the Charity Commission's guidance requiring conflicted Trustees to withdraw from Trustees' discussions and take no part in decisions in which they have an interest. This is likely to be sufficient to avoid a conflict of loyalty arising in such situations.

Such a provision does not authorise any benefit to the Trustee but it does permit a conflict arising from, for instance, another Trusteeship to be avoided.

Where can I find further information and advice?

Further information on what to do if you are an employee of a charity or someone else with an interest in the charity and you discover an unauthorised Trustee benefit can be found in [Complaints and Charities \(CC47\)](#).

In addition to the guidance mentioned in this briefing, there are a number of organisations which provide advice on dealing with conflicts of interest together with a range of advice for Trustees, which can be accessed from the [Useful links](#) area on the Charity Commission website.

Checklist for Trustees

1. Do you have a Register of Business Interests (RoBI) for Directors/Trustees?
2. Do you have a Declaration of Interests (DoI) form?
3. Do you have a Conflict of Interest Policy?
4. Do you send a letter on Appointment to the Board/Management Committee setting out the formal matters connected with the Appointment?
5. Do you have a Code of Conduct set out for Directors/Trustees?

Models of the above Documents are attached as Appendices to this Briefing.

6. If you have identified that a conflict of interest exists, are you, or the Trustee concerned, receiving a material benefit as a result of that conflict of interest?

If no, have you, or has the Trustee, declared the interest in the register of interests and not taken part in any discussions/voting on that issue?

If yes, has the benefit been authorised?

7. Does the governing document contain authority for the benefit arising from the conflict of interest?

If yes, have the charity's Trustees complied strictly with the terms of the authority contained in the governing document?

If no, have the charity's Trustees applied to the Charity Commission for authority?

8. Once the charity's Trustees have the necessary authority, are there procedures in place to manage the conflict of interest effectively?

If no, have the charity's Trustees ensured that procedures are put in place for managing conflicts of interest?
 9. Has the charity's Trustees ensured that any benefit received by the Trustees is disclosed in the annual report and accounts?
-

For further information on the Governance Project please contact:

Wesley Harcourt – AdviceUK: wesley.harcourt@adviceuk.org.uk

Jennifer Ball – Law Centres Federation: jennifer@lawcentres.org.uk



Model Conflict of Interest Policy

Please feel free to adapt the following model policy to suit the needs of your organisation.

This policy applies to [trustees] [trustees and senior staff] [trustees and all staff].

Why we have a Policy

Trustees have a legal obligation to act in the best interests of [name of the charity], and in accordance with [the charity's] governing document, and to avoid situations where there may be a potential conflict of interest. [Staff and volunteers have similar obligations].

Conflicts of interest may arise where an individual's personal or family interests and/or loyalties conflict with those of [the charity]. Such conflicts may create problems, they can:

- inhibit free discussion;
- result in decisions or actions that are not in the interests of [the charity]; and
- risk the impression that [the charity] has acted improperly.

The aim of this policy is to protect both the organisation and the individuals involved from any appearance of impropriety.

The Declaration of Interests

Accordingly, we are asking [trustees] [trustees and senior staff] [trustees and all staff] to declare their interests, and any gifts or hospitality received in connection with their role in [the charity]. A declaration of interests form is provided for this purpose, listing the types of interest you should declare.

To be effective, the declaration of interests needs to be updated at least annually and also when any changes occur.

If you are not sure what to declare, or whether/when your declaration needs to be updated, please err on the side of caution. If you would like to discuss this issue, please contact the charity secretary [or] for confidential guidance.

This register of interests shall also be used to record all gifts of a value over [£xx] received by the trustees and staff.

Interests and gifts will be recorded on the charity's register of interests, which will be maintained by [the charity secretary]. The register will be accessible by [level of access, noting any statutory requirements applicable].

Data Protection

The information provided will be processed in accordance with data protection principles as set out in the Data Protection Act 1998. Data will be processed only to ensure that [trustees] [trustees and senior staff] [trustees and all staff] act in the best interests of [the charity]. The information provided will not be used for any other purpose.

What to do if you face a Conflict of Interest

If you are user of [the charity's] services, or the carer of someone who uses [the charity's] services, you should not be involved in decisions that directly affect the service that you, or the person you care for, receive. You should declare your interest at the earliest opportunity and withdraw from any subsequent discussion. The same applies if you face a conflict for any other reason.

You may, however, participate in discussions from which you may indirectly benefit, for example where the benefits are universal to all users, or where your benefit is minimal.

If you fail to declare an interest that is known to [the charity secretary] and/or [the chair of the board], the [charity secretary] or [chair] will declare that interest.

Decisions taken where a Trustee or Member of Staff has an Interest

In the event of the board having to decide upon a question in which a trustee or member of staff has an interest, all decisions will be made by vote, with a [simple majority] [two thirds majority] [] required. A quorum must be present for the discussion and decision; interested parties will not be counted when deciding whether the meeting is quorate. Interested board members may not vote on matters affecting their own interests.

All decisions under a conflict of interest will be recorded by [the charity secretary] and reported in the minutes of the meeting. The report will record:

- The nature and extent of the conflict;
- An outline of the discussion;
- The actions taken to manage the conflict.

Where a trustee benefits from the decision, this will be reported in the annual report and accounts in accordance with the current Charities SORP.

All payments or benefits in kind to trustees will be reported in the charity's accounts and annual report, with amounts for each trustee listed for the year in question.

Where a member of [the charity's] staff is connected to a party involved in the supply of a service or product to the charity, this information will also be fully disclosed in the annual report and accounts.

Independent external moderation will be used where conflicts cannot be resolved through the usual procedures.

(Organisations should add any further requirements that relate to the nature of the organisation's work.)

Managing Contracts

If you have a conflict of interest, you must not be involved in managing or monitoring a contract in which you have an interest. Monitoring arrangements

for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory.

Notes:

1. There are specific actions that must be taken in order to change a charity's governing document depending on the corporate structure of the organisation; in all cases changes to the charity objects will require approval from the Charity Commission.
2. Further guidance can be found in the Charity Commission's Operational Guidance Trustee Responsibilities – www.charitycommission.gov.uk/supportingcharities/trustee1.asp
3. Reference should be made to the Charity Commission's Operational Guidance a Guide to Conflicts of Interest for Charity Trustees.
4. See the Charity Commission's Operational Guidance Data Protection 1998 – The Provisions of the Data Protection Act 1998, OG 58 A3 February 2002 for further information.
5. The charities SORP 2000 requires the full disclosure of all 'related party' transactions with any third party that may inhibit the charity being able to pursue its separate interests, paragraph 166 provides more detail. The charity commission strongly recommends that all trustee payments should be disclosed in an appropriate manner.

Model Letter to be sent to a Trustee (and Director) of a Charitable Company Limited by Guarantee on Appointment

Model Letter

Dear [*name of appointee*]

I write to confirm your appointment as a trustee and director of [name of charity registered in England and Wales, charity registration number, and company registration number] with effect from [date].

As you are aware there are a number of formal matters connected with this appointment which now have to be dealt with. This letter deals with these formalities and is accompanied by an induction pack of information to assist you in your new role.

Form 288a is enclosed which has been completed using the information you recently provided. I would ask you to check this form carefully, add any missing details, and, if correct, sign where indicated. Please return it to me immediately in order that it can be filed with Companies House within the appropriate time limit. If there are any corrections, please advise me by return of post. Please note that in signing the Form 288a you are confirming your willingness to act as a director of this charitable company. You must declare your Date of Birth on the form. The Charity Commission will not accept the form without this information.

As a trustee and director you will be required to sit on a committee or sub-committee. Copies of terms of reference for the standing committees are included in the enclosed induction pack along with a schedule of dates of forthcoming meetings.

As you will appreciate, as a trustee and director of a charitable company, you will not be entitled to receive any payment for the time you spend on your duties. However, reasonable out-of-pocket expenses properly incurred in the performance of your duties as a director and trustee, will be reimbursed in accordance with the expenses policy (enclosed).

A summary of the principal duties and responsibilities of a trustee and director are included in the induction pack. Please read and familiarise yourself with this information as soon as possible, and read and sign a copy of the trustee declaration letter enclosed. Please retain a copy for your records.

In conclusion, may I take this opportunity to congratulate you on your appointment and welcome you to the board? Being a charity trustee and company director can be both challenging and rewarding and I would therefore invite you to contact me at any time you may require such support and information as you may need to fulfill your responsibilities effectively.

Yours sincerely

Charity Secretary

Enclosed:

Charity's governing document

Schedule of trustee meetings/times/venues

Terms of reference for committees/sub-committees and calendar of meetings

Induction pack

Expenses policy and form

Conflict of interest policy

Register of interests form

A summary of charity trustees roles and responsibilities

CC3 – The Essential Trustee

Summary of directors' roles and responsibilities

Trustee declaration letter x2 (copy to be signed and retained by trustee)

Standing orders

Model Code of Conduct for Charity Trustees (England & Wales)**Purpose**

The purpose of this code of conduct is to provide trustees with clear guidelines as to their standard of behavior, responsibilities, and best practice in fulfilling their obligations to this charitable organisation.

This document should be read in conjunction with the trustee role description and the conflicts of interest policy, prior to completing the charity's register of interests. For further information on the legal responsibilities of a charity trustee, please refer to CC3 – The *Essential Trustee: What you need to Know* published by the Charity Commission.

General

- Trustees should familiarise themselves with the 'Nolan Principles, Standards in Public Life', and act in accordance with them.
- Trustees must have a good understanding of, and be sympathetic with, the aims and objects of the charity and act in accordance with the governing document at all times.
- Trustees must act and make decisions in the best interests of the charity, and its present and future beneficiaries.
- Trustees should do their best to avoid conflicts of interest, and where they do find themselves conflicted should declare that fact and not take part in any relevant decision making, in accordance with the conflict of interest policy.
- Where assistance and advice is required for the trustees to be able to make the most appropriate decision affecting the charity, that assistance/advice should be sought from an appropriate source (e.g. Charity Commission, or professional adviser) and considered carefully.
- Trustees must play an active role in trustee board and sub-committee meetings, having spent due time reading and digesting board papers in preparation for the meeting. A minimum attendance at [75%] of meetings is required of trustees to ensure that best practice in governance is reached and maintained. [Though this should be checked with the charity's governing document].
- Trustees must not receive any financial or non-financial benefit that is not explicitly authorised by the governing document or the Charity Commission. Trustees should not exert any influence to garner any preferential treatment for themselves or their family, or other connected persons (refer to conflict of interest policy).
- Trustees are jointly and severally liable for their decisions, therefore decisions should be taken together, as a team, recorded accurately in the minutes, and communicated to staff, beneficiaries and funders in a unified manner.
- Trustees are accountable to a range of interested parties for their actions and as such decision-making and governance issues should be as transparent as possible, except for when confidentiality is required.
- Should a trustee feel they require further guidance or training in their role, it is their responsibility to inform the charity secretary, and in liaison with the charity secretary develop opportunities for new training on an individual or group basis.

- Any information of a confidential nature must remain so outside the confines of the trustee meeting.

For charitable companies, trustees and directors have additional statutory duties to fulfill.

Notes:

1. There are specific actions that must be taken in order to change a charity's governing document depending on the corporate structure of the organisation; in all cases changes to the charity objects will require approval from the Charity Commission.
2. For trustees of housing charities there are additional disclosure requirements placed on them by Industrial and Provident Society legislation and the Housing Corporation. Trustees of such organisations are urged to seek further guidance from a suitably qualified professional.
3. See Charity Commission's Operational Guidance, Trustee Responsibilities, June 2005,
4. The Nolan Committee on Standards in Public Life listed the following principles as essential to good conduct in public office: Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.
5. See the Charity Commission's publication Charities and Meetings (CC48) for further information on meetings.
6. Unless authorised to do so by the governing document, statute, or by the Charity Commission, trustees should not benefit from the position they occupy. The Charities Act 2006 has amended the position regarding the payment of trustees for undertaking activities outside of those of being a trustee, or the provision of services. Section 36 provides for trustees to be remunerated for services to the charity if certain conditions are met.
7. Refer to A Guide to Conflicts of Interest for Charity Trustees, Charity Commission Operational Guidance for further information.
8. Trustees are legally accountable to the Charity Commission, and other regulatory and statutory bodies, and their membership, where they have them. In addition, the evolution of good governance is leading to a wider call and acceptance by some charities, to be seen to improve their transparency and accountability to the wider public, and potential funders.

Model Charity Trustee Declaration

Model Letter

Dear [*charity secretary*]

I write to confirm my acceptance of being appointed as a trustee [*and director*] of [*name of charity registered in England and Wales; registration number, company registration number*] with effect from [*date*], and to state that I am able to meet the time commitments required for this position.

I understand that my tenure as trustee will run until [*date*], at which point I will be required to [*stand for re-election, re-appointment*] for a further period of [*number of years*].

I am aware that I may be able to resign at any point before the culmination of the [*number of years*], by way of written communication to [*the chair, charity secretary*].

I have read and understood the information provided to me (listed below), and I fully understand the responsibilities and duties vested in the position. I can also duly confirm that I am unaware of any impediments that would render me ineligible to serve as a trustee.

In order to serve the charity and its beneficiaries to the best of my abilities, I appreciate that I may be required to undertake some periodic training, and that I should liaise with the charity secretary to discuss further information and training needs, as required.

Yours sincerely,

[*Name of trustee*]

[*Date*]

Enclosed:

Completed register of interests form

Model Register of Interests

Name of trustee	Description of interest	Does the interest relate to the trustee or a person closely connected to the trustee (describe)?	Is the interest current?
Mr T Smith	Joint owner of catering company	Trustee, other joint owner is the trustee's daughter	Current
	Member of the local authority	Trustee	Current
Mrs A Jones	Employee of ABC charity with similar aims and objectives working in the same area	Trustee	No, trustee resigned post in 2008
Mr A Wright	Trustee of xyz charity	Trustee	Current
Miss R Clifford	Was bought lunch to value of £40 by representative of a photocopying machine supplier	Trustee	Current

Model Declaration of Interests Form

I _____ as employee/trustee* (**delete as appropriate*) of _____ (*name of organisation*) have set out below my interests in accordance with the organisation's conflicts of interest policy.

Category	<i>Please give details of the interest and whether it applies to yourself or, where appropriate, a member of your immediate family, connected persons or some other close personal connection.</i>
Current employment and any previous employment in which you continue to have a financial interest.	
Appointments (voluntary or otherwise), e.g. trusteeships, directorships, local authority membership, tribunals etc	
Membership of any professional bodies, special interest groups or mutual support organisations.	
Investments in unlisted companies, partnerships and other forms of business, major shareholdings (charities may set a figure here, e.g. more than 1% or 5% of issued capital) and beneficial interests.	
Gifts or hospitality offered to you by external bodies and whether this was declined or accepted in the last twelve months.	
Do you use, or care for a user of the organisation's services?	
Any contractual relationship with the charity or its subsidiary.	
Any other conflicts that are not covered by the above.	

To the best of my knowledge, the above information is complete and correct. I undertake to update as necessary the information provided, and to review the accuracy of the information on an annual basis. I give my consent for it to be used for the purposes described in the conflicts of interest policy and for no other purpose.

Signed: _____

Position: _____

Date: _____