

Conflict of Interest Policy of the Bower Reuse and Repair Centre Co-operative

Definition

A 'conflict of interest' arises when the best interests of an individual Director are, or could be, or may even be perceived to be, different from the best interests of the Bower Co-operative itself. Conflicts occur simply when these interests arise at the same time, and separately may not be significant.

This may be something that affects the Director directly, or indirectly, through a family member or friend or business partner.

Statement of Intent

The Bower Reuse and Repair Centre Co-operative is committed to ensuring its decisions and decision-making processes are, and are seen to be, free from personal bias and do not unfairly favour any individual connected with the organisation.

Policy

It is the policy of The Bower Reuse and Repair Centre Co-operative to:

- Ensure every Director understands what constitutes a conflict of interest and that they have a responsibility to recognise and declare any and all conflicts that might arise for them;
- Document the conflict and the action(s) taken to ensure that the conflict does not affect the decision making of the organization.

Procedure

When a Director identifies that they have a potential conflict of interest they must:

- Declare it as soon as they become aware of it;
- Ensure it is entered in the conflict of interest register (ongoing conflicts), and/or minuted in the appropriate board papers (one-off or relevant to discussion conflicts);
- Not take part in any board discussions relating to the matter, unless directed to do so by the Chairperson;
- Not take part in any decision making related to the matter;
- Not be counted in the quorum for decision making related to the matter;
- In the interests of frank and open discussion, a Director affected by a conflict of interest must leave the room while related discussion/decision making is taking place, unless there is good reason for them to stay.

The minutes should state:

- The declared conflict;
- That the Director left the room, or the reason they were asked to stay;
- That the Director took no part in discussion or decision making on the matter;
- That the meeting was quorate (not counting the affected Director);
- Any other actions taken to manage the conflict.

If a Director is unsure what to declare, they should err on the side of caution and

discuss the matter with the Chairperson for confidential guidance.

Policy adopted on 19 November 2014 next due for review on [date]

NOTES

What is a Conflict of Interest?

A 'conflict of interest' arises when the best interests of an individual Director are, or could be, or may be perceived to be, different from the best interests of the Bower Co-operative itself.

This may be something that affects the Director directly, for example:

- A Director owns a building company which is currently a little short on work, and the Bower needs some building work done.
- As an individual, the Director would like the work to be given to her company, but as a Director she has a responsibility to choose the best company for the job – which might or might not be her own company.

Or it may be something that affects the Director indirectly, through a family member or friend or business partner. In the above example, the owner of the building company may be a family member or friend or business partner of a Director.

Conflicts of interest may be ongoing, for example a Director who is related to a service user or who is also a Director for another local organisation or grant-maker; or they may be one-off, for example awarding a one-off contract or settling of a dispute with an employee or contractor.

A 'conflict of loyalty' is a particular kind of conflict of interest where the duties the Director owes to another body or organisation are, or could be, in conflict with the duties the Director owes to the Bower Co-operative, for example:

- A Director sits on two different Director boards and both organisations are planning to apply for the same funding opportunity which is competitive and which only one organisation can win.

In some cases, an ongoing conflict may affect a Director's ability to participate in decisions so often or so much, that it is impractical for the Director to continue in post (or to accept the post of Director in the first place).

What is a Director's Duty?

Directors have a duty to put the best interests of the Bower Co-operative first and to safeguard the assets and reputation of the Bower Co-operative.

Directors in the Bower Co-operative which is also a Company, additionally have a duty to avoid conflicts of interest.

What Problems Can Arise?

Conflicts of interest can give rise to a number of problems. They may:

- result in decisions or actions that are not in the best interests of the Bower Co-operative;
- risk the impression that the Bower Co-operative has acted improperly; and
- prevent frank, open discussion.

Even the appearance of a conflict of interest can damage the Bower Co-operative's reputation, so conflicts need to be managed carefully and with transparency.

Adapted from Code of Good Governance for Smaller Organisations: Useful Resources