Conflict of Interest Policy

Background

A trustee must make decisions based only on what is in the charity's best interests. This is a legal duty. A conflict of interest is when what is in the charity's best interests conflicts with, or may conflict with a trustee's

- personal interests, or
- the interests of people or organisations connected to them

Trustees often have a number of different personal and professional interests. For example, another charity or organisation where they are a trustee or an organisation they work for. These different interests can bring advantages, but they can also raise conflicts of interest.

Identifying and properly managing conflicts means that PNLu3a can show that it is complying with its legal duties.

It is the responsibility of all the trustees of a charity to manage conflicts of interest, not just the responsibility of the Chair or the person who has the conflict. Managing conflicts of interest is one of the 7 legal principles of trustee decision making.

If conflicts of interest are not managed, this could have serious consequences for the charity. For example:

- a decision could be challenged and may not be valid. The charity may lose money as a result and the trustees may be jointly liable to cover the loss from their personal funds
- the charity's reputation could be damaged, and public trust affected
- it may be evidence of misconduct and/or mismanagement and the Charity Commission may need to take action

What is a conflict of interest?

There are two types of conflict of interest:

- a financial conflict of interest ('financial conflict'), and

- a conflict of loyalty (‘loyalty conflict’)

Financial conflicts

These happen when a trustee, or a person or organisation connected to them could get money – or something else of value such as a service – from a decision that trustees make. The trustee will have a conflict between the charity’s best interests and their own interest in either standing to receive the benefit or being connected to a person or organisation that will.

It doesn’t matter if the value of the benefit is small: it is still a financial conflict. It is also still a conflict if your charity will get a good deal. For example, if one of the trustees is providing a service to the charity at a reduced cost.

Financial conflicts can happen in a range of situations. For example, where the trustee (or connected person) is receiving money or something else of value as a result of:

- providing the charity with goods or services
- being employed by the charity
- lending money to the charity
- selling or leasing land or other assets (such as equipment) to the charity
- buying or renting land or other assets from the charity
- having a separate paid role at an organisation owned and controlled by the charity.

It also involves situations where the trustee will get better access to a service that the charity provides.

If trustees decide to make a payment or provide a benefit to a trustee:

- it must be in the charity’s best interests, and
- they must manage the conflict of interest, and
- they must have a power or authority (legal permission) before they make the payment. Read the Charity Commission’s guidance mentioned below.

Loyalty conflicts

These can happen when the charity’s decision involves a person or organisation connected to a trustee (see Connected Person below)

Such a decision may involve a loyalty conflict because the trustee’s loyalty or responsibility to the other person or organisation could influence their decision making. This means they might not be able to make a decision based only on what is in the best interests of the charity

Connected person

A connected person is a person or organisation that is connected to a trustee. In broad terms this includes:

- a trustee's spouse or civil partner
- a trustee's immediate family
- a trustee's business partner
- businesses where a trustee has an interest through ownership or influence

For conflicts of loyalty this may also include:

- a trustee's employer
- another charity for which they are a trustee (even if the other charity has the same or similar purpose)
- an organisation that the trustee has an interest in
- a trustee's wider relatives
- a trustee's friends

For some situations, the law states who is a connected person.

Conflicts of interest: a guide for Charity Trustees

https://www.gov.uk/government/publications/identifying-and-managing-conflicts-of-interest-in-a-charity-cc29

Why We Have a Policy

The aim of this policy is to support honesty and integrity through the open declaration of such Conflicts of Interest that may arise and, thereby, to protect both the organisation and the individuals involved from any appearance of impropriety should such interests not be declared.

Identifying and managing Conflict of Interests

The primary legal duty to avoid and declare conflicts of interest lies with the Trustees of Penrith and North lakes u3a

In order to help to identify and manage potential conflict of interests, the Trustees of Penrith and North Lakes u3a will maintain a Register of Interests.

Register of Interests

Each trustee will complete a Declaration of Pecuniary and Personal Interests which may have the potential to cause conflict. This Declaration will form part of a Register of interests and serves as a tool to identify and manage these conflicts and put in

place actions to eliminate or mitigate any risk. The Declaration will contain the following:

- **Name of Trustee**
- **Role:** Trustee and Committee role
- **Name of Organisation/Entity:** The outside business, charity, or group.
- **Nature of Interest:** E.g., directorship, employment, trustee role, or significant shareholding.
- **Date Interest commenced or terminated** if applicable
- **Action Taken** eg mitigation put in place or note taken in case of future conflict of interest.

Each year, trustees will be prompted to update the form which records their interests. Any changes to a person's interests during the year must be advised to the Secretary as soon as possible. The Secretary will keep the register of trustees' interests.

The information provided will be processed in accordance with data protection principles as set out in the current Data Protection legislation. Data will be processed only to ensure that trustees act in the best interests of Penrith and North lakes u3a. The information provided will not be used for any other purpose.

The register will be accessible to all the Trustees of Penrith and North Lakes u3a. Although Penrith and North lakes u3a is not governed by the Freedom of Information Act, the register will also be accessible to the Members of PNLu3a under the same principles as apply to requests under the Freedom of Information Act, namely: the Trustees reserve the right not to disclose details of declared Conflicts of Interest where such disclosure would compromise the right to privacy of the individual(s) concerned; the Trustees reserve the right not to disclose details of declared Conflicts of Interest which involve commercially sensitive information; requests from Members must be for specific information in pursuit of a legitimate concern and not casual enquiries just to see what the register contains.

Decision making at Trustees' Committee meetings

When an agenda and papers are issued for Executive Committee meetings or other such meetings, each trustee is responsible for assessing whether a potential conflict of interest may arise and, if so, either informing the Secretary in advance (particularly in cases of high-risk conflict) or informing fellow trustees at the meeting. The standard meeting agenda will also include a prompt for the trustees to note any new interests or conflicts relevant to that meeting's agenda items.

During the meeting, if a potential conflict arises which either was not recognised before or which has arisen due to the course of discussion, then the person must raise this matter immediately.

In the event of the Board of Trustees having to decide upon a question in which a Trustee has an interest, all decisions will be made by vote, with a simple majority required. A quorum must be present for the discussion and decision. Any Trustee declaring an interest will not be counted when deciding whether the meeting is quorate and may not vote on matters affecting their own interests.

For a financial conflict, the trustee affected by the conflict should:

- declare the conflict of interest
- leave the relevant discussion
- not take part in the decision giving rise to the conflict
- not be counted in the quorum required for voting

If managing a loyalty conflict, there are different options depending on how serious the conflict is. For example:

- requiring the trustee to leave the discussion and decision for all high risk or controversial decisions
- allowing the trustee to provide any relevant information before the discussion, but then requiring them to leave the meeting
- for low-risk loyalty conflicts, allowing the trustee to remain in the meeting on condition that they do not take part in the decision or voting.

The last 2 options would be considered when an interest group of PNLu3a, to which a trustee might belong, applies for an internal grant (£200 or less), as often that trustee can give additional background information to the committee, and there is no conflict involving an outside organisation.

When making the decision giving rise to the conflict, the principles of trustee decision making of the Charity Commission should be followed,

All decisions, where there is a Conflict of Interest, will be recorded in the minutes of the meeting. The report will record:

the persons involved;

the nature and extent of the Conflict(s) of Interest;

together with an outline of the discussion and the actions taken to manage the Conflict(s) of Interest.

Managing more serious or complex Conflict of Interests

Some conflicts may be so complex or serious that further advice or action is needed (see Charity Commission guidance). In these circumstances the Trustees of Penrith and North Lakes u3a will contact the Third Age Trust for their advice, including any legal advice, and, if necessary, the Charity Commission itself.

Managing Contracts

Where a Trustee has a Conflict of Interest, they must not be involved in managing or monitoring a contract in which they have an interest as 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.

Base Document is the Charity Commission document CC29, “Identifying and managing conflicts of interest in a charity” which has been adapted, together with additions, to produce this policy.

J.Dunlop

Approved by PNLu3a Committee on 16th June 2026 & with slight amendments on 18th Aug 2026