



Knight Charity Governance

Chris Knight

CONFLICTS OF INTEREST



knightcharitygovernance.uk

Conflicts of Interest

Of all the mishaps and misdemeanours which befall charity trustees, some of which come under the scrutiny of the Charity Commission, the issue of conflicts of interest is certainly in the top several.

The reason this is a concern in the first place is because trustees must fulfil their role independently and in the best interests of the charity, and that can't be done if they are distracted by their own personal interests or loyalties elsewhere. A trustee's interests other than for the charity should be left like bags outside the meeting; if an interest can't be effectively put aside like this or the conflict is not otherwise allowed, the trustee should not participate in the matter concerned.

Both the Charity Commission and The Charity Governance Code have much to say on this topic. Have a look at the Commission's headline guidance in this area (updated in 2026) here: [Managing conflicts of interest in a charity](#) The Charity Governance Code also covers the issue in the context of the foundation principle here: [Charity Governance Code](#)

This guidance is very clear and helpful, I need not repeat it here. All I will do is emphasise some essentials for this aspect of governance.

Familiarity: trustees need to be able to spot a conflict of interest from a distance. For most situations, an alarm bell should ring in the governance consciousness of the trustee body without the need for close analysis: this sense is developed through familiarity. To encourage this, there should be a standing item on every agenda, an agreed policy, a maintained conflicts register, and clear minutes to record dealing with the matter. Conflicts of interest are to be expected - they are predictably common - but must be managed properly. Any doubts should be discussed. A policy will help considerably – see below.

Preparation: trustees should prepare thoroughly for meetings and their familiarity with the issue of conflicts (see above) should inform this, so they are aware of potential conflict well before the consideration of the issue in question, in a meeting or otherwise, and if possible warn the chair. If the trustee concerned and the chair are prepared then the matter is likely to be dealt with in compliance with the policy, the law and best practice. If a trustee is not prepared, suddenly becomes aware of the issue in the meeting, is not certain whether or not to declare it and the item passes without the potential conflict being raised, that reflects poor governance. Trustees should be aware that a decision taken without a conflict of interest having been properly managed may invalidate a consequent decision and thus cast doubt on the outcome.

Policy: as already mentioned, there should be a clear, agreed policy for managing conflicts of interest. This policy can complement anything contained in the governing document. Governing documents in standard modern formats usually have some basic conflicts provisions, although older documents tend not to. Legal and best practice principles apply to all charities, whatever the scope of the governing document, but a policy will highlight and elaborate on these for clarity. The policy should deal with identifying conflicts; the difference between conflicts which involve personal interests and those which involve conflicting loyalties; perceived and potential conflicts; the declaration and management of conflicts; and the maintenance of a register. Some examples which are common or obvious in the context of the charity concerned can be included to illustrate the principles. For further guidance on how to write the policy, see the complementary resource guidance [The Policy Magic](#).

Register: the management of conflicts of interest and adherence to a policy on this area should lead to the creation and maintenance of a register of conflicts. This should list all the trustees, a brief description of any conflicts declared by each of them (of course, some may have none) including a note as to whether time limited or ongoing, the date declared, and whether their participation in considerations and decisions about the matter is permissible.

This last point can, depending on situation, be permitted as a matter of law, the decision of the other trustees, or the consent of the Charity Commission. An example entry might therefore look like this:

Trustees' conflicts of interest			
Trustee	Conflict	Date declared	Participation?
Jo Blogs	Employee of XYZ which regularly contracts with Charity; ongoing	xx/xx/xx	Yes (by trustees' decision xx/xx/xx)

Seriousness: many of the troubles caused in this area begin with trustees not engaging seriously enough with it (or at all). As said above, trustees must act independently and in the charity's best interests, and these duties are compromised if a trustee's personal interests or loyalties elsewhere are ignored. Even the perception of a conflict should be recognised and managed. For example, if a charity is considering a grant application from the son of a neighbour of one of the trustees, it may be thought the relationship is not close enough for a conflict to arise, but this depends on the actual circumstances. Unless the relationship is remote, there is likely to be an influence on the thought process of the trustee concerned; the Commission would categorise this as potential conflict, so it should be declared and managed appropriately.

Dealing with conflicts of interest is an essential aspect of governance which can appear tricky to manage but is seldom truly difficult once the principles become familiar and are observed. The trustees' first task is to engage with it: they ignore it at their peril.