

Managing Trustees and their responsibilities

As a member of the **Church Council, Circuit Meeting or the District Trustees** you share in the responsibility for leadership and oversight of the Charity and are a **managing trustee**.

The booklet "**Managing Trustees and Methodist Money**" sets out generally the responsibilities of Managing Trustees and is available on our website.

The general rule is that Managing trustees are not liable for involuntary loss, nor are they accountable for more money than comes into their hands or responsible for the repair of the buildings beyond the funds available or supplied. Thus, provided you fulfil your trust (i.e. you look after the trust estate), ensure that it is cared for and only used for permitted purposes you should not incur any legal liability. However, like all trustees, you have a legal responsibility to see this is done and to take appropriate professional advice.

Trustees are able to take out insurance cover in many cases - see overleaf.

Trustees and their Responsibilities

Trustees have full responsibility for the charity and must

- act together and in person and not delegate control of the charity to others
- act strictly in accordance with the charity's governing document;
- act in the charity's interests only;
- manage the charity's affairs prudently and take a long-term as well as a short-term view;
- **not** derive any **personal benefit** or gain from the charity of which they are trustees;
- take proper **professional advice** on matters in which they are not themselves competent

Trustees will be put at risk of personal liability **ONLY** if they

- cause loss to the charity by acting:
unlawfully,
imprudently or
outside the terms of the charity's governing document(s)
 - commit the charity to debts which amount to more than its assets.
- Trustees may in some circumstances insure against such liability.

Trustees are responsible for all the operation of the charity especially in:

- managing the charity's finances (CC 51/52)
- applying the charity's income for charitable purposes only (e.g. CC 11 Remuneration of trustees)
- managing land or buildings (CC18/28/33)
- investing funds (CC14/14a/32)
- employing people
- appealing for funds (CC20/20a)
- ensuring that all the charity's property is under the control of the trustees (CC8);
- collecting all money owed or due to the charity, including tax and rating reliefs.

Adapted from the publication "Responsibilities of Charity Trustees - A Summary" by permission of the Charity Commission on behalf of the Controller of HMSO. (CC) Refers to Charity Commission papers

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THE MAIN INSURANCE CONSIDERATIONS FOR MANAGING TRUSTEE BODIES

TYPE OF INSURANCE	COVERS AGAINST	REQUIREMENT TO INSURE	COVERED IN CURRENT MIC POLICY	PAYMENT OF PREMIUMS FROM TRUST FUNDS
PERSONAL INJURY/ILLNESS OF EMPLOYEES	Illness or injury sustained as a result of employment by the trustees	Legal requirement	YES	YES
PROPERTY INSURANCE	Damage to trust property (not wear and tear)	Trust requirement	YES	YES
PUBLIC LIABILITY	Anyone injured on trust property	Not a legal requirement but included in many insurance policies	YES	YES
LEGAL EXPENSES	Losses related to employment; e.g. - legal expenses - compensation arising from employment tribunal awards	Trustee discretion	YES	YES
FIDELITY INSURANCE	Loss arising from dishonesty of employees	Trustee discretion	NO - But Loss of Money cover up to £10,000 included	YES
TRUSTEE INDEMNITY	To protect trustees against internal claims arising out of actions taken by the trustees, or by a trustee	Trustee discretion	YES - basic cover included	YES Subject to specific procedures (See MPO information and guidance leaflet 03/06)