

The Five Golden Rules of being a Trustee

If you are a member of your Local Church Council, Circuit Meeting or any of the other Methodist bodies of Managing Trustees, then you are a charity trustee. This means that there are a number of duties placed on you under charity law. In England and Wales, the key piece of legislation is the Charities Act 2011.

Each Local Church, Circuit, District etc. is a charity in its own right. There are still some Local Churches and Circuits that are not registered with the Charity Commission because their annual income does not exceed £100,000. Such Methodist charities are excepted from registration by virtue of the Charities (Exception from Registration) Regulations 1996 until 31 March 2031. However, even as an excepted charity the Local Church or Circuit is a charity and must comply with charity law.

As a starting point, please refer to the following five golden rules of being a charity trustee:

Charity trustees must always act:

(1) In the best interests of the charity – make balanced, adequately informed decisions; think about how the charity can best fulfil its purposes in the long term as well as short-term; avoid conflicts of interest and step aside from discussion and voting if they have a personal or financial interest.

(2) In accordance with the law and the charity's governing documents – comply with the charity's own governing documents e.g. Methodist Constitutional Practice and Discipline (CPD); comply with the law generally including charity law and other relevant laws (e.g. employment or property law) – please speak to the Legal and Constitutional Practice Team (LCP) and TMCP if you have any questions on your legal obligations; and take professional advice where necessary. Don't rely on word of mouth, assumptions, strong voices or past precedent. Don't bend the rules – there can be a tension between a charity's legal obligations and our Christian values. TMCP and LCP know that it is not easy at times for trustees to balance these obligations and values, but the law must prevail.

(3) With reasonable skill and care – give time, thought and energy to your role, prepare for meetings and attend meetings! Actively participate during and between meetings. Take professional advice where necessary and ask questions. If something goes wrong, address it. Don't be afraid of admitting what may have gone wrong and getting help.

(4) Prudently and responsibly – look after the charity's assets responsibly. Ensure the charity properly takes account of the views of its members and beneficiaries, communicates well and guides the Local Church or Circuit etc. on the right path (in charity's best interests). It is the charity's money – spend it wisely. Be prepared to make difficult decisions.

(5) Collectively – ensure proper debate and that there is transparency/audit trail for decision making, no loose cannons! Once a decision is made, everyone must stand behind it. If a smaller group makes the decision on behalf of the charity, ensure there is a proper delegation in place with clear terms of reference. Agree and be clear about what decisions are not being delegated. The trustees need to be able to justify why/how a decision was made if questioned.

Trustee liability

Methodist charities are unincorporated which means that the charity trustees have unlimited liability. However, trustee indemnity insurance is generally available (£100,000 cover per trustee).

NB. No insurance policy will protect you from fraud, reckless decision-making etc. But if you act within the rules and in good faith, you are likely to be protected.

Charity trustees are volunteers. Even if the decision was a poor one in hindsight, if you can show you were acting in good faith and can evidence why you reached the decision in the way that you did in the circumstances, then you are likely to be protected.

Charity Commission further reading:

The Essential Trustee: [The essential trustee: what you need to know, what you need to do \(CC3\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/the-essential-trustee-what-you-need-to-know-what-you-need-to-do-cc3)

[CC3_feb20.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/108489/cc3_feb20.pdf)

Guidance for trustees of faith charities: [Managing faith charities as trustees - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/managing-faith-charities-as-trustees)

Email: lcp@methodistchurch.org.uk and/or legal@tmcp.org.uk

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