



Handbook for Trustees of Quaker Meetings

Quaker Stewardship Committee

March 2009

Handbook for trustees of Quaker meetings

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Abbreviations used:

AM	Area Meeting
BYM	Britain Yearly Meeting
CAF	Charities Aid Foundation
CC	Charity Commission
FTL	Friends Trusts Ltd
HMRC	HM Revenue and Customs
LM	Local Meeting
MM	Monthly Meeting
NCVO	National Council for Voluntary Organisations
OSCR	Office of the Scottish Charity Regulator
PM	Preparative Meeting
<i>QFP</i>	<i>Quaker faith & practice*</i>
QSC	Quaker Stewardship Committee
SORP	Statement of Recommended Practice (for accounting and reporting by charities)

* References to section numbers in *Quaker faith & practice* in this Handbook refer to the Third Edition, 2005, as amended by subsequent Yearly Meetings. The current version is to be found at qfp.quakerweb.org.uk.

Chapters 14 and 15 are being revised in 2009 to take account of recent developments in charity law and practice in meetings

Section 1. Introduction

1.1 Who should read this Handbook?

This *Handbook* offers guidance for Quaker meetings about the exercise of trusteeship in a Quaker context. It is designed primarily for area meetings, but it is hoped that Friends generally will find it useful.

It is not intended as a definitive guide, nor is the content meant to be prescriptive. It amplifies and discusses aspects of trusteeship that are treated more definitively in some of the publications listed in the final section.

1.2 Background to the Handbook's preparation

Friends have always taken good care of their meeting houses and other assets and they have put strong emphasis on the proper stewardship of their resources. Within meetings, for example, Premises Committees have looked after the fabric, and treasurers have prepared annual accounts. These are examples of the exercise of trusteeship, whether or not a group of Friends have been specifically appointed to this role. Appointing a group of Friends to act as 'managing trustees' for a meeting is discussed in *Quaker faith & practice*, 15.04.

The concept of trusteeship has been much discussed within the Society since the RECAST Report, presented to Yearly Meeting in 2005. This suggested that the trusteeship role of Meeting for Sufferings should be passed to a smaller body of trustees, freeing the larger representative meeting to concentrate upon the discernment of key directions for future work and service within the Society. Discussion ensued about what the trusteeship role would entail, and how the trustees would relate to the larger body. By Yearly Meeting 2008 the BYM trustee body had been in place for a year and Friends pronounced themselves satisfied with both the way that the trustees undertook their responsibilities on behalf of the Yearly Meeting and the release of Meeting for Sufferings to consider a long term framework for the Religious Society as a whole. The governance of the Society has been enhanced and roles clarified. Our deliberations paralleled a broader debate in society generally about transparency and good governance within the charity sector. This culminated in the Charities Act 2006 and similar new legislation in Scotland, redefining charities and containing wide-ranging proposals for the regulation of the charity sector.

One of the consequences of the new legislation is that almost all charities will have to register with the Charity Commission in England and Wales or with the Office of the Scottish Charity Regulator in Scotland (OSCR). This has caused Friends to look anew at what requirements this might place upon their long-standing structures of governance. Because the concept of trusteeship is fundamental to charity governance in the secular world, Friends have been considering how trusteeship is undertaken at all levels within our religious society.

Trusteeship as a concept is not new to Friends. They are quite familiar with the idea of taking responsibility for the assets of the Society and of looking after the Society's affairs with integrity, in accord both with good practice and with legal requirements. *Quaker faith & practice* gives the background:

STEWARDSHIP OF OUR FUNDS

A fundamental principle of this part of our church government is corporate integrity. All Friends share responsibility for upholding this principle. This means that at every level of our church government Friends must be seen to be above reproach in our corporate, as well as our personal, conduct in respect of finance and property. We hold these assets in trust and the way we use and develop them is an important part of our witness. Whether we are formally appointed trustees for a period of service or not, each of us has responsibilities for the provision and stewardship of money, premises and other material resources belonging to the meetings of which we are members. (*QFP* §14.18)

Churches have traditionally been trusted to manage their own affairs with minimal supervision from the civil authorities. This self-regulation is, however, being called increasingly into question, as social attitudes change, as abuses committed in the name of religion come to light, and as public bodies such as the Charity Commission take a closer interest in the financial arrangements of all charities. We must be sensitive to the new climate of opinion and accept social expectations which require of us a new openness to scrutiny by outside agencies. So long as our standards of corporate integrity, as well as of personal probity, remain of the highest order we shall have nothing to fear from public interest in our financial arrangements. (*QFP* §14.19)

Although a key point quoted above is the concept that the responsibilities of trusteeship are laid upon all of us, Chapter 15 of *Quaker faith & practice* goes on to consider practical aspects of managing property and trusteeship in considerably more detail, and in particular the appointment of designated trustees with specific responsibilities, rather like the specific responsibilities that elders and overseers assume for the spiritual and pastoral care of our meetings:

All property belonging to the yearly meeting is held in trust to be used for its charitable purposes, either generally or for specific uses as determined by the donor. Some property is in the form of land and buildings, the remainder being held in cash and investments.... All property and investments belonging to Britain Yearly Meeting and its constituent meetings must be managed by trustees on behalf of the meeting or other body concerned, to which reports should be made at suitable intervals. It is generally advisable that trusts should be held on behalf of monthly meetings rather than preparative or general meetings.... It is advisable for the monthly meeting to have a procedure for appointing and maintaining an adequate number of managing trustees, in order to ensure the proper day-

to-day conduct of all the property matters for which the meeting is responsible. (QFP §15.01-15.04)

1.3 Embarking on trusteeship

Friends sometimes express anxiety about taking on trusteeship as part of their service to meetings because of the legal responsibilities that accompany the role. However, there are plenty of publications (some are listed in Section 8) which provide guidance about the legal aspects of this subject and about the legal implications of being a trustee. This *Handbook* provides a general overview, but other sources can be consulted for detailed information. As individual citizens we all have legal responsibilities, and this aspect of trusteeship should not cause Friends undue anxiety.

An excellent general leaflet is "*The Essential Trustee: what you need to know*" (Booklet CC3, available from the Charity Commission and on their website). A similar leaflet from OSCR ("*Guidance for Charity Trustees*") gives the Scottish context. Much general advice can also be found on the website of the National Council for Voluntary Organisations (NCVO; www.ncvo-vol.org.uk/askncvo/trustee).

This *Handbook* is seen as an evolving document which will be part of the material that the Quaker Stewardship Committee (QSC) provides for the use of Friends. It is a partner to the recently revised *Treasurers Handbook*. As in the case of that handbook, Quaker Stewardship Committee would welcome suggestions for further sections, or for rewriting of the existing sections, that would be found helpful by Friends or by meetings.

Section 2. Charity Law and Trusteeship

2.1 What is a charitable trust?

A useful definition of a charitable trust is:

A charitable trust is an **obligation**, enforceable at law, which binds certain persons known as the **trustees** to deal with assets over which they have control, for the benefit of some **charitable purpose**, and for that purpose only.

A charitable trust should be established for purposes that are solely charitable, with a group of managing trustees who take responsibility for its affairs.

2.2 What are “charitable purposes”?

Under the Charities Act 2006, two tests must be applied in order to decide whether a trust is charitable in nature and therefore comes under charities legislation:

- (1) Are the trust’s purposes charitable?
- (2) Do they provide public benefit?

In order for a trust’s purposes to be judged, they must fall within one of the categories defined by the 2006 Act. Under long-standing legislation charitable purposes used to have to fall into one of four categories – the advancement of religion, the relief of poverty, the advancement of education or some other purpose beneficial to the community. The current Act, however, redefines the list as follows (Scottish law contains a similar list):

- a the prevention or relief of poverty
- b the advancement of education
- c the advancement of religion
- d the advancement of health or the saving of lives
- e the advancement of citizenship or community development
- f the advancement of the arts, culture, heritage or science
- g the advancement of amateur sport
- h the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity
- i the advancement of environmental protection or improvement
- j the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage
- k the advancement of animal welfare
- l any other purpose recognised as charitable.

A charity may have more than one charitable purpose, but no charity may have an additional purpose that is not itself charitable.

2.3 The advancement of religion

The Charity Commission has written guidance (March 2007) about the interpretation of the new charitable purposes. It notes that belief in a Supreme Being is a necessary characteristic of a religion in charity law, but it is consulting about this and expects to issue further guidance in due course. The law allows theistic, non-theistic and polytheistic faiths to be regarded as religions. Charities and charitable purposes for the advancement of religion include those that advance a particular religion, those that maintain and promote public worship, and those that provide and maintain places of worship, churchyards and other religious burial places.

Churches, such as the Religious Society of Friends, meet the public benefit test through providing facilities to support their activities, including provision of places of worship, that are open to the public. In general all charities, apart from some trusts for the relief of poverty, must be for the benefit of the community or for an appreciable section of it, and not restricted to a particular group of people.

Quaker meetings are therefore regarded as charities for the advancement of religion. But many meetings also have additional trusts connected with them; for example, funds for the relief of poverty (overseers funds) or the advancement of education (bursary funds), and they may even have some for totally different charitable purposes (homes for the elderly, for example). In some cases charitable trusts associated with meetings have been separately registered with the Charity Commission or with OSCR. In other cases, such charitable work has been taken to be part of the Christian witness of the meeting and to be covered by the meeting's own charitable status.

2.4 The charitable purposes of the Religious Society of Friends

The Quaker Stewardship Committee consulted members of the Charity Commission about how to define the charitable object of the Society. Yearly Meeting in 2005 accepted their recommendation that the governing documents developed both for the central work of the Society and for individual meetings should include as their object:

“The furtherance of the general religious and charitable purposes of the Yearly Meeting of the Religious Society of Friends (Quakers) in Britain (or in the area of a particular Monthly Meeting) and beyond.”

The religious purposes of the Society include (a) holding public meetings for worship and (b) fostering the spiritual life and spiritual development of all members and attenders at these meetings – as spelled out in *Quaker faith & practice*, the current edition of our Book of Christian Discipline. Appropriate means to achieve this might include attendance at Quaker conferences and courses, the provision of literature, etc. Other charitable activities bearing witness to the principles and practice of the Society would include education and the relief of poverty of members and attenders associated with our meetings, and social projects carried

out by the meeting for the benefit of the wider community. The constraints are that such activities must be charitable, and they must be undertaken under the concern and direction of the meeting itself.

The phrase “and beyond” indicates that, although there is a main geographical area in which the charitable objects are focused, there is no strict geographical limitation.

2.5 Should meetings “register” as charities?

“Registration” in this context means being placed on the register of charities held by the Charity Commission for England and Wales, or by OSCR for Scotland.

Quaker meetings are, and always have been, subject to charities legislation. Under the Charities Act, 1993, however, meetings in England and Wales fell into a category that was not compelled to register with the Charity Commission. This was known as “excepted status”. Trusts administered in connection with meetings have not generally been accorded this status and have therefore been registered under a name such as “Charities administered in association with X Monthly Meeting”. Registered charities are given a charity number. They complete an annual return and they submit their annual Report and Accounts to the Charity Commission (or to OSCR).

Excepted status has never applied in Scotland. Here all charities, whatever their size, must now register with OSCR, the newly formed Office of the Scottish Charity Regulator. In the past, charitable recognition was granted by the Inland Revenue, but OSCR has now taken over their register. In consequence, General Meeting for Scotland, all four Scottish Area Meetings and some Scottish Local Meetings are already registered Scottish charities.

In Scotland there is an additional category of charity (a Designated Religious Charity) which is covered by regulations that are slightly different from those for other charities. Quaker meetings, however, are not covered by this category which applies only to bodies with more than 3,000 full members residing within Scotland.

Under the Charities Act 2006, excepted status in England and Wales will be progressively removed from October 2008 onwards. Meetings will therefore have to register sooner or later. On the advice of the Quaker Stewardship Committee, Yearly Meeting took the decision in 2005 that the central work of the Society should be registered as a separate charity, with additional registration of other meetings. In general it is recommended that **each Area Meeting should register** (rather than local meetings), with additional registration of General Meetings, to cover their separate activities, where this is required by law.

2.6 Registering a local meeting as a charity

Although all Scottish charities must be registered, small charities in England and Wales do not have to register. The previous threshold of £1,000 p.a. gross income has been increased to £5,000 under the new act. Exactly when a meeting that is larger than this will have to register depends on the size of its gross income. Initially, the threshold above which this will trigger registration is set at £100,000 a year. Meetings not above this level will remain excepted, but the threshold is expected to be progressively reduced over the years so that more meetings will need to register. However, no review is expected before 2012.

Two questions asked by the Charity Commission when a body seeks registration are:

- Who are the charity's trustees?
- What responsibilities do they carry on behalf of the charity?

This means that each Area Meeting will have to appoint trustees, and draft a document describing its procedures and how it works, called a 'Governing Document'. The trustees appointed by the meeting assume both legal and financial responsibility for the meeting.

The property and investments of the meeting should normally be held in the name of Friends Trusts Ltd as a 'custodian trustee'. This need not change. (See Section 3 for an explanation of various aspects of trusteeship, and note that Friends Trusts Ltd has no role in Scotland.)

We have always identified it as good practice to be fully accountable for the stewardship of our financial assets. The Quaker Stewardship Committee assists meetings in this. The help available includes providing information to help meetings to prepare for registration. A model governing document devised by QSC has been approved by the Charity Commission. QSC is also advising meetings as to the adequacy of their reports and accounts, offering help where necessary. Apart from registration and the reporting requirements mentioned above, all other requirements of the Charities Acts and their accounting regulations apply to all meetings, whether or not they are registered.

2.7 Charitable regulation

The advancement of religion implies far more than holding meetings for worship or church services. It has long been recognised that the churches provide a benefit for society by undertaking a wide range of socially important and valuable work. This is in addition to the benefit conferred by the spiritual purpose of the church and arises from its concern for equality and fairness in society. As a consequence, churches (together with other charities) have been awarded a favourable tax status which, for example, enables them to recover income tax from donations made by individuals. There is, in return, an attendant regulation of charities in order to protect the public interest. An example of this is the requirement laid upon them to prepare reports and accounts every year in

accordance with the Charity Commission's Statement of Recommended Practice (2005), and to make these available to the general public.

Regulation by the Charity Commission or by OSCR involves:

- gaining official recognition as a charity, and thus being entered on the public register of charities;
- ensuring that the details on the register of charities are kept up to date;
- completing an annual return to the Charity Commission or to OSCR;
- submitting the charity's Annual Report and Accounts within prescribed time limits;
- reporting any possible malpractice to the Charity Commission or to OSCR, and acting on any consequent recommendations that may be made.

The Charity Commission and OSCR see it as their role to help charities to achieve their purposes effectively, rather than to interfere in the way that the charity works. They seek to ensure that the charity is clear about what it is trying to achieve, and how it sets about doing its business (its governance). They lay down standards that must be met in accounting so that the members of both the charity and the public can be confident that funds and property are being used as the donors intended. They will advise charities if they feel that improvements are needed, but their approach is not heavy-handed.

Section 3. What does trusteeship involve?

3.1 Trustees and the meeting

In terms of the law, a group of trustees controls the assets of a charitable trust and ensures that these assets are used for the purposes for which the trust was established.

It is not surprising that this legal approach causes anxiety to Friends, with its implications of control and power residing in the trustee body. Our church discipline emphasises that authority is located within the gathered meeting for worship and the spiritual power enshrined within it. *Quaker faith & practice* lays emphasis on the role of trustees as servants of the meeting, with responsibility not only to care for assets but also to keep in close touch with the spiritual discernment of their meetings. Thus 'the purposes for which the trust was established' are, for us, defined by the leadings and spiritual discernment of the meeting. Although the trustees are granted a list of "powers", this term implies merely a list of actions that they are allowed to take on behalf of their meeting to give substance to its policies. Their responsibility to the meeting is exercised both through listening to (and participating in) the formal processes of meetings for worship for business, and also through bringing major issues to the meeting to obtain guidance before taking decisions.

(The following sections on the types of trusteeship are taken from, or are based on, Chapter 15 of the Treasurers Handbook.)

3.2 A custodian or holding trustee

A custodian or holding trustee is the legally registered owner of property which is usually in the form of land, buildings or investments. The custodian trustee therefore has to be involved in the acquisition and disposal of that property. When doing this the custodian trustee has a responsibility to see that the proper procedures are followed and that no breach of trust is committed. However the custodian trustee has no direct interest in those assets, but simply holds them for the benefit of their beneficial owner.

The reason for having a custodian trustee is that in England and Wales property can only be registered in the name of an incorporated body (a company) or in the name of one or more individuals. A Quaker meeting, being an unincorporated association, cannot be the registered owner, and in the past it was usual for a number of Friends to be appointed as the holding trustees. This was cumbersome and inconvenient because every change in the trustees meant that the title to all the property had to be transferred. In 1923 Friends Trusts Ltd (FTL) was formed so that it could act as the single custodian trustee for all Quaker meetings and Quaker funds. The Board of FTL is appointed by Meeting for Sufferings and the company makes no charge for its services. The procedure for the appointment of

FTL to hold property simply requires a minute from the meeting or from its managing trustees, and details of how to do this can be obtained from the Finance Secretary at Friends House.

FTL has no role in Scotland. Deeds of property should be lodged with a meeting's solicitors (whose name and address should be shown on the meeting's annual Report and Accounts). Property should be held in the names of the trustees of the meeting or in the names of its officers as represented by its clerk, assistant clerk and treasurer and should be registered with the Land Register of Scotland.

3.3 Beneficial ownership

The members of a meeting are the *beneficial owners* of the property of that meeting, and the trustees need to be guided by the wishes of the membership in conducting their property affairs. This calls for regular and effective communication between the body of trustees and the meeting in session, and consultation about major decisions on the acquisition and disposal of property. However, being the beneficial owners does not mean that the meeting has complete freedom to do as it wishes, and Friends must always have regard to the use of their assets in the furtherance of the general religious and charitable purposes of the Religious Society of Friends.

It is strongly recommended that property should be held on behalf of area meetings rather than local or general meetings. This accords both with the concept of the area meeting as the accounting unit for regulatory purposes and with the roles of meetings defined in *QFP* 4.33 and 4.34. The fact that property is held by the area meeting (and the funds representing those assets appear in the area meeting accounts) does not necessarily mean that it can be used for any general purpose. Properties and the related funds can be, and often are, restricted to be used for a particular meeting, or meeting house, or some other specific purpose (such as Friends in need). It is perfectly proper for area meeting trustees to delegate property issues to a local meeting as long as respective responsibilities are clearly defined (such as who pays for what or who is responsible for regular inspection of the fabric), though major questions about expenditure on property development or purchase or sale should always be matters for area meeting in session.

Meeting houses in London are managed by Six Weeks Meeting (and they are owned by the area meetings that provide the members of Six Weeks Meeting).

3.4 'Managing' trustees

The 'managing trustees' (formally, these are referred to simply as trustees) of a meeting are *those persons who are responsible for the management of its finances and property on a day-to-day basis*. It is not practical for the whole membership of a meeting, even one of the smallest, to carry out the responsibilities laid upon trustees of a charity, and it is advisable to appoint a

reasonably small but representative group of Friends to act on behalf of the meeting.

Quaker Faith & Practice §15.04 introduces this idea to us. This section, however, is written very much from the perspective of looking after finance and property. The concept of trusteeship is wider: it is to do with ensuring that the meeting is well run, with proper regard for the law and for good practice in general. The trusteeship of our Society is laid upon all of us, but the formally appointed trustees take the trouble to ensure that things are being done properly – they are not afraid to ask awkward questions.

Charity law is quite specific and demanding in what is required of trustees. Every Friend appointed as a trustee should become familiar with trustees' duties and responsibilities and with the background and details of the meeting's business. There is an overall expectation that trustees will:

- safeguard the assets of the meeting;
- ensure that these assets are applied for the proper purposes of the meeting;
- provide for accounting records to be kept and annual reports and accounts to be produced.
- ensure both that the meeting acts within the law and observes relevant laws and regulations.

While trustees can appoint others to do work on their behalf, especially where the sums involved are small, or there is some urgency, or there has been approval in principle by the trustees or by the meeting, *they cannot delegate their responsibility* for what is done, and for its financial consequences.

It is a general rule that trustees should not let their personal views take precedence over the interests of the meeting. "*They should exercise the same degree of care in dealing with the administration of their charity as a prudent man of business would exercise carrying out his own or his business affairs.*" (Charity Commission leaflet CC3 – previous edition) They should not derive any personal financial benefit from being a trustee. This means that an employee of the meeting, such as a warden, cannot satisfactorily act as a trustee. In general, it is also not advisable for a trustee to provide professional services to the meeting, whether paid for or not (see the section below on "Conflicts of Interest").

Trustees also need to be aware that they have a personal responsibility. A trustee who, alone or with other trustees, acts negligently or recklessly or in such a way as to commit a breach of trust may be liable to make good any resultant loss to the meeting. Such personal financial liability is not likely to occur when trustees have acted reasonably and prudently. If they have done this, but despite their best endeavours some loss does occur, this should fall upon the meeting and not the individual trustees.

Trustees' responsibility is shared. They are responsible for their trust as a body, and must not act individually, except within defined parameters (for example, the work of the treasurer). For good order's sake, the managing trustees should ensure that:

- proper minutes are kept, and records of contracts and other commitments are maintained;
- all orders, contracts, and commitments are made in the name of and on behalf of the meeting, and not in the names of individuals;
- when entering into contracts and other commitments on behalf of the meeting, adequate funds will be available to meet the bills as they fall due.

A breach of trust can arise if funds are applied other than for the charitable purposes of the meeting, or if there is a failure to comply with statutory requirements, or if losses occur through unauthorised investments or negligent failure to insure buildings, etc.

Because trustees are personally responsible, they should always be appointed as named individuals. The meeting's governing document may specify that certain office bearers (such as the treasurer or the clerk of the premises committee) should be trustees, but these individuals should be specifically appointed as trustees by a minute of the meeting in which they are named. In general, as discussed below, the area meeting clerk should not be appointed as a trustee.

3.5 Appointing trustees

Terms of reference

Meetings should agree Terms of Reference for their trustees – a list of what the trustees are allowed to do and what responsibilities they hold on behalf of the meeting (see Section 5). These terms of reference can also include procedural matters such as how often the trustees should meet, how they report to other bodies within the meeting and so on. These arrangements can be changed by minute of the meeting – they are best omitted from a meeting's governing document since any change to that needs to be notified to the Charity Commission if the meeting is a registered charity.

Those agreeing to serve as trustees should be given a clear list of their duties and responsibilities, and a copy of these Terms of Reference. In addition, they should:

- sign a declaration, to be retained in the meeting's records, that they are not disqualified from holding office as a trustee; and
- complete a 'Conflict of Interest' declaration.

More information about each of these is given below. Trustees' appointments and terms of office should always be recorded by minute of the meeting, and the names of those serving in this capacity should be recorded in each year's Annual Report.

Who should serve as trustees?

Trustees should be members of the Society of Friends. Although long-standing attenders may appear to be well-qualified for this role, it is unreasonable to ask an individual to take on these responsibilities for a body that he or she does not feel able to join.

Who should be appointed? Nominations Committees should look for reasonably experienced Friends who are willing to take a fair amount of responsibility. It is not important that they should all be widely experienced in business or legal matters: most members of the Society are already “prudent citizens”, and this is the qualification that is required.

While it may be desirable that each Local Meeting in an area meeting should be represented, this may be impractical. The key point in appointing to the trustee body is that there should be a range of experience and expertise within the group. The issues facing different types of LMs need to be well understood. Clearly any large LM which has city-centre property that is extensively used by the public is likely to need representation. It is, however, prudent to ensure that the trustees of an area meeting are not dominated numerically by trustees from one LM if this can be avoided.

How many trustees should there be? A number between five and fifteen would be normal, depending on the size of the meeting. Three would be a minimum number, but probably too few in view of the responsibilities held by the group. One thing to remember is that it is important to bring new Friends on to the trustee body periodically, perhaps by having rotating appointments (with one or two appointments made each year), so it is wise not to make the body too large.

It is normal to include the area meeting treasurer as a trustee since much of the group’s work revolves around financial issues. But in meetings where a team of Friends shares this role, it would be sufficient to appoint one of them who can speak with authority about the meeting’s financial position, and can present the annual accounts.

Training

It is also necessary to consider what training might be required for new trustees to help them understand their role and its responsibilities. Woodbrooke offers trusteeship training courses and trustees as a body should satisfy themselves that they have considered training for new trustees and should take effective steps for its provision if necessary.

Disqualification from holding office as a trustee

Trustees must be 18 or over. Section 72 of the Charities Act 1993 states, however, that certain people are disqualified from being a charity trustee if they:

- have been convicted of any offence involving dishonesty or deception;
- have been adjudged bankrupt and have not been discharged;
- have previously been removed from the office of charity trustee by the Charity Commissioners or by the courts;
- are disqualified under the Company Directors Disqualification Act 1986.

These grounds for disqualification apply under the 2006 Act, and also in Scotland. More details can be obtained from the Charities Acts, but anyone acting as a trustee while disqualified is liable to be found guilty of a criminal offence.

Except in very special circumstances, no individual should continue to act as a trustee of a meeting if he or she ceases to be a member of the relevant area meeting.

When a Friend has been appointed as a trustee of the meeting it is sensible to ask them to sign, and to lodge with the Clerk of Trustees, a declaration that they are not disqualified from acting in this capacity. The declaration (also reproduced in the *Appendix* to this section) could take the following form:

“Having been appointed to serve as a trustee of X Area Meeting at a meeting held on [*date*], I declare my acceptance of this position and my willingness to act. I declare that there is no reason disqualifying me from acting as a trustee by virtue of Section 72 of the Charities Act 1993.

Signed Date.....”

The area meeting clerk

QSC recommends that area meeting clerks should not serve as trustees. This is because, if a conflict were to arise between the trustees and the rest of the meeting, the clerk should be able to stand above the conflict in order to help the meeting achieve unity through its normal business practice. He or she should not therefore be associated in Friends’ minds with the trustee group which may have had to make some very difficult decision.

Nevertheless it is clearly crucial that those who are responsible for deciding on the business to be brought before the meeting in session should be well informed about all the matters before the trustees. Conversely, it is important that matters of general concern to the meeting (such as policies relating to children or data protection) are reported to the trustees on a regular basis, even though they may spend much of their time on matters to do with finance and property.

This need is probably best met by ensuring that:

- all the agenda papers, minutes and supporting papers for the trustees are normally circulated to the clerk; and that
- the clerk attends a trustees’ meeting whenever he or she, or the trustees, feel it would be helpful.

If the meeting has a clerking team, one possibility is that one of them should become a trustee – the exact arrangement should be determined by each meeting.

In some cases it is normal for the clerk always to be in attendance at trustees’ meetings, even though he or she is not formally a trustee. Note, however, that by

participating in Friends' decision-making processes through being present in the relevant meeting for business, the clerk might be regarded *de facto* as acting as a trustee, so regular attendance is probably to be discouraged.

Difficulty in finding trustees

What happens if it is hard to find individuals willing to serve as trustees? The various tasks associated with trusteeship are generally being undertaken within some sort of Finance and Property Committee, and *Quaker faith & practice* suggests that members of such committees might be asked to take on the additional roles associated with trusteeship. Whatever happens, however, meetings must ensure that the tasks of running the meeting are being dealt with. If it is impossible to find individuals there may be a case for considering sharing certain tasks with a neighbouring meeting.

Some Friends are worried about taking on the responsibility, and are particularly concerned about the legal implications of trusteeship. They may feel that the trustee body, being corporately responsible, might make decisions with which they are cannot unite, or that the body might be negligent. It is important to reassure them that this act of service to the Society is undertaken within the same spirit as other service; they are being asked to take a share of looking after the affairs of the meeting for a period in much the same way that they look after their own affairs every day.

A quorum at meetings

The governing document of a charity normally specifies that a minimum number of trustees (a quorum) must be present at a meeting in order that decisions can be made with proper authority. This concept is alien within Friends' understanding of holding meetings in right ordering. Nevertheless, members of a meeting have a right to expect that decisions regarding the finance, property and policies of the meeting are not being made by a very small group of Friends, however well-intentioned.

The approved governing document (Section 4) suggests that the crucial point is that an "effective working strength" should be present for trustees' decisions to be made in right ordering. This would normally be at least half of the total number of trustees, but this is a matter for the group itself to decide (prompted by their clerk). It is clearly important that diverse opinions should be heard, that decisions are not reached unless full information is available, and that important decisions are not rushed. Background papers should be circulated well before the meeting and decisions should not depend on "tabled" papers that have not been seen before the meeting.

3.6 Responsibilities and duties of trustees

All decisions of the trustees should be taken jointly in a spirit of worship, and should be recorded by minute during the course of the meeting. Trustees hold a

special position of responsibility within the meeting and this requires that they should

- always act with probity and due prudence seeking and considering professional advice on any matter on which they do not themselves have expertise;
- ensure that the meeting, and all its assets, are administered in the interest of current, potential and future beneficiaries;
- hold themselves accountable to the members of the Religious Society of Friends (and to the general public) for their decisions, and for the work undertaken by the meeting, reporting regularly to the area meeting in session about their work;
- avoid conflict of interest between themselves, their families and friends, and the meeting; if exceptional circumstances justify a trustee or his/her family or friends receiving benefit as a result of their work, great care must be taken to show why this is in the overall best interest of the meeting;
- not place themselves under any financial or other obligation to outside organisations that might influence them in the performance of their duties as trustees, and, when appropriate, should declare conflicts of interest and absent themselves from further discussion on such matters.

Trustees have certain responsibilities to the meeting. These include ensuring:

- that the meeting complies with regulatory, statutory and legal requirements, implementing good practice in all areas;
- that overall control is exercised over the meeting's financial affairs;
- that all appointments to remunerated positions are made in compliance with good employment and equal opportunities principles.

Duties of trustees to the meeting

The main duty of any trustee is to administer the charity in the best interest of its charitable purposes. Trustees should therefore

- be aware of the concerns of the meeting;
- oversee the management of funds and property owned by the meeting;
- ensure that property is preserved and well run;
- ensure that employed staff are properly overseen and supported in their work;
- seek external advice whenever this will assist in carrying out the trustees' duties;
- make regular reports to the meeting and to other interested bodies.

Matters of trust

Friends sometimes worry about the possibility of conflict between trustees and their meetings, citing a variety of potential areas of difficulty, usually involving sale of the meeting's main assets (generally its property).

Trustees must always remain ultimately responsible for implementing the decisions of the meeting. But the Charity Commission advises that trustees “must always have regard to” the spiritual leadings of their parent body. One can imagine that trustees might feel that a meeting has been led to make a wrong decision, and feel in consequence that they have to advise something different. But in these circumstances it would be up to the clerk of the meeting to ask them to join with the meeting in session so that all sides of a question can be aired within a proper meeting for worship for business, at which the right way forward can be discerned for the meeting as a whole.

3.7 Conflicts of interest

Some trustees will inevitably have interests that might conceivably conflict with their position as trustees of the meeting. They may for example have professional skills or expertise that they are happy to place at the disposal of the meeting, but the meeting may in its turn have concerns about whether they ought to pay for the help that they are receiving. The crucial point is that such individuals should declare their interest to the meeting. They should withdraw while a particular item in which they might have a financial interest is being discussed and such withdrawal should be recorded in the minutes.

More complex, however, is the fact that many Friends are involved in a number of different Quaker committees or decision-making groups, both within their own meeting and in the larger Quaker community. Through their other work they may be aware of larger issues or of issues that impinge on the authority of another Quaker body. Some examples are given below. What is important here is that there may be a perception from outside the trustee body, which may well be quite unjustified, that an individual Friend has been influenced in some direction that is not necessarily in the best interest of the meeting.

This is normally handled by “disclosure”, the individual disclosing this wider interest to the other trustees, so that they are aware that difficult matters may come up for the individual concerned. In this sort of case the individual would not necessarily need to need to withdraw from the meeting, though again it is wise to record any disclosure that has been made in the relevant minute.

As Quakers, our practice is to trust each individual and each committee to act responsibly, but should a possible conflict of interest arise Friends and committees are asked to

- consider whether they have a personal interest in the matter(s) which may be discussed (e.g. personal, employer/employee, membership of another committee or organisation);
- declare the interest to the clerk of the committee concerned, asking the committee to decide whether the individual should leave the meeting while the relevant item(s) is/are discussed. Such decisions should be minuted.

Some examples may help to illustrate the sorts of matters that need to be considered:

1. A Friend who is a member of a committee that sets a budget for another committee, but who is also a member of the committee that spends that budget.
2. A Friend who is a member of a committee that oversees property owned by a meeting in a landlord role, but who also rents property from the meeting in a tenant role.
3. A Friend who is both an area meeting trustee and sits on other Quaker charities such as one that funds the maintenance of a particular meeting house owned by the meeting.
4. A Friend who is a member of a committee that sets the rates that are used for meeting the expenses claims of members, but who also has to submit considerable expenses claims for work that she/he has undertaken on behalf of the meeting.
5. A Friend who is a member of a committee that sets the rates for hiring out rooms by the meeting, but who is also a member of another body that seeks to hire the rooms at a preferential rate.
6. A Friend whose family or friends receive benefit in kind from the meeting, such as bursary help.

It is of course impossible completely to avoid conflict of interest issues within a meeting. This is particularly the case when one remembers that the responsibilities and interests of close family members may also need to be considered.

We do have a special case within the Society that is worthy of note. We believe that everyone in a Meeting for Worship can help the meeting in its discernment of the right way forward, whether or not they should formally remain outside a decision-making group (for example, because they are employees of the meeting). Those who are formally appointed to take a decision (the trustee group) must be those who ultimately carry the responsibility for it. Employees may well be valued members of the meeting, taking a full part in discerning a way forward in business affairs, but they should, nevertheless, always withdraw if a matter under discussion touches on their employment.

Using a 'Disclosure of Interests' declaration

When a new trustee is appointed it is good practice to ask her or him to complete (on a voluntary basis) a declaration about professional interests, and for this to be lodged with the Clerk to the Trustees. This can also be useful for the clerk in learning more about the skills and gifts within the trustee body. Of course, such a form is no substitute for trustees being fully aware of the sorts of issues covered above, and declaring them when they arise. This is specially the case when conflicts of interest arise through family connections, and not everything can be covered on a form that is completed before the trustee's service starts.

An example of one area meeting's disclosure of interest declaration is given in the two pages at the end of this Section of the *Handbook*.

3.8 Paying trustees or other members of the meeting to undertake work

Trustees should not be paid for the work they do for the meeting as trustees. But what happens if a trustee offers his or her professional skills (for example, as an accountant, solicitor, architect, etc) for the use of the meeting?

The law allows such individuals to be paid for their services, as long as this is done on a relatively small scale, and as long as a majority of trustees is never being employed in this way. The conflict of interest issues discussed above would apply, with the individual withdrawing from meetings when his or her own employment is being discussed, and proper tendering processes are being followed.

Nevertheless, the employment of a trustee raises serious issues within our Quaker community because of the very nature of our meetings - a group of Friends in which we all endeavour to know each other well. The issues discussed below relate, of course, not only to those who are trustees, but also to the employment of other members of the meeting. They fall under four major heads and should always be born in mind by trustees when undertaking any significant project for the meeting.

1. **Impartiality:** No contract of employment should be concluded without a competitive tendering process. But who should assess the tenders, or interview those submitting tenders? Can a decision really be made in a fair and impartial way, and how can this be demonstrated?
2. **Competence:** It is essential that the meeting's money is spent effectively, so the competence of the person undertaking the service for the meeting is crucial. It is important that trustees should not be swayed by considerations of favouring a member of the meeting or a fellow trustee, even though they might take this into consideration (in favour of one who "knows and understands Friends' needs").
3. **Professional conflict:** it is particularly difficult for Friends to handle any conflict that may arise with someone who is contracted to provide a service to the meeting when that person is also a member of the meeting. Very careful management of the individual's service is required – it is not good enough to suggest that because he or she is a member of the meeting all the work will be done expeditiously and to the highest standard, and that careful and critical oversight of the work is not required. In particular, property-related work often has to be overseen by a warden or another individual who is employed by the meeting, but it would be unfair to ask an employee to oversee work undertaken by a trustee (who is effectively that individual's employer).
4. **Level playing field:** a member of the meeting may well reduce a tender price because of his or her membership. But this may not be fair on his or her firm, and it may not be fair to anyone else who is in competition for the job. A fair price should always be agreed for any work, and it should be up to an

Potential conflicts of interest arise in trustee work and can give rise to ill feeling or even, if not properly handled, to breach of legal duty. Trustees need to be sensitive and punctilious in dealing with them. Conflict of interest is a risk and if a risk can easily be avoided it should be. Dealing with it by other means is likely to take time and effort.

Of course, trustees must maintain a sense of proportion about these matters, and there will always be occasions when we are glad to accept limited offers of service from members of our community. One final point to notice, however, is that anyone who is contracted to do a professional job for the meeting should always be given a proper and formal letter of appointment – only then will that individual be covered by their own professional indemnity insurance.

3.9 The liabilities of trustees

Friends may be worried that, by accepting appointment as trustees, they open themselves up to legal action if anything goes wrong within the area meeting.

It would be foolish to ignore the fact that this sometimes happens. If the meeting has no trustees, all members of the meeting are likely to be considered to be responsible. A meeting protects itself against this by ensuring that trustees, with appropriate powers and responsibilities, have been appointed, and the trustees show (through the minutes of their meetings) that they have been considering matters that might have major effects for the meeting (for example, risks against which they ensure that the meeting has insured itself).

The Charity Commission's advice is that "if trustees act prudently, lawfully and in accordance with their governing document then any liabilities they incur as trustees can be met out of the charity's resources." The website of the National Council for Voluntary Organisations (NCVO) contains clear and straightforward advice concerning trustee liability, with examples illustrating these points.

A brief summary of the main types of trustee liability is given below. It is unlikely that any conscientious trustee would fall foul of the law in this respect. It may be possible for the meeting to obtain trustees' indemnity insurance, though it should be noted that it is not possible for a meeting to cover itself against acts of dishonesty on the part of trustees.

(a) Breach of trust

Trustees must administer the meeting in accordance with the terms of its governing document (and of *Quaker faith & practice*) and in accord with the

requirements of charity law. A breach of trust would arise if some or all of the trustees act in a way that is contrary to the terms of the governing document, or if they failed to perform their duties as trustees. Possible examples could include:

- allowing money to be used for purposes for which it was not intended, or for purposes that are not allowed under the governing document (for example, improper political activities or trading);
- failing to obtain some required consent from a court, or from the Charity Commission;
- causing a loss through fraud, mismanagement, failure to show a proper duty of care, or failure to take appropriate professional advice.

Trustees committing a breach of trust resulting in financial loss are liable to make good that loss. However, as long as trustees are taking reasonable care of the assets of the meeting they are most unlikely to commit a breach of trust.

(b) Contractual liability

The meeting enters into contracts in order to carry out its work (e.g. contracts with suppliers of goods or services). It is the trustees who are party to such contracts since the meeting does not have its own “personality” in law (since it is not a company). Provided that they acted properly in entering into the contract, the trustees can use the meeting’s resources to meet their obligations. But if the meeting does not have enough funds to meet its obligations the liability would remain with the trustees personally.

(c) Breach of statutory duties

Committing, authorising or assisting an offence against any person, property or the public interest would expose trustees to criminal liability. Thus, for example, particular care must be taken to ensure that premises are not used for drugs-related offences.

Trustees must be aware that the state imposes a number of statutory duties, and that they must ensure that the meeting is acting in compliance with the relevant laws. For example, they must be aware of the laws relating to the following, or they must be prepared to take advice relating to such laws:

- Charities
- Employment
- Child protection
- Health and safety
- The supply of food and drink
- Trade descriptions
- Use of land
- Planning regulations
- Data protection

(d) Vicarious liability

The general rule is that trustees will be responsible for:

- any conduct of individuals which they have authorised, including their own conduct

- conduct which, though not authorised, takes place in the course of a business which they conduct, and where there is a close connection between the conduct and what any wrongdoer was employed to do.

This is known as “vicarious liability”. Although the wrongful action – or an omission – is not primarily attributable to some policy of the meeting or to the trustees personally, the law might nevertheless hold them liable for some misconduct of those who they control, be they employed staff or volunteers undertaking some activity on behalf of the meeting.

(Appendix to Section 3)

**X AREA MEETING
of the Religious Society of Friends**

Declaration of eligibility to serve as a trustee

Having been appointed to serve as a trustee of X Area Meeting at a meeting held on [date] , I declare my acceptance of this position and my willingness to act. I declare that there is no reason disqualifying me from acting as a trustee by virtue of Section 72 of the Charities Act 1993.

Signed..... Date.....

(Appendix to Section 3)

**X Area Meeting
of the Religious Society of Friends**

Register of Trustees' Interests: Disclosure Form

Please refer to the guidance notes overleaf

Name	
<i>Occupation</i>	
<i>Paid employment</i>	
<i>Self employment</i>	
<i>Directorships</i>	
<i>Significant shareholdings</i>	
<i>Elected office</i>	
<i>Trusteeships/ management of charities/ voluntary bodies</i>	
<i>Public appointments</i>	
<i>Membership of professional bodies</i>	
<i>Spouse/partner/ family</i>	

Signed Date

Register of Trustees' Interests

Guidance Notes

- 1 Any interest, financial or otherwise, which if publicly known would be perceived as being likely to interfere with the exercise of a member's independent judgement should be disclosed to the trustees. This is a voluntary register, but it enables members to disclose business interests in a manner that is open and transparent and demonstrates to the public that such interests have not influenced the trustees' decision-taking process.
- 2 Individual trustees are in the best position to decide what business interests should be disclosed. However, they may find it helpful to consider whether any particular interest should be disclosed by making reference to the following headings (provided here as general guidelines).

<i>Category of Interest</i>	<i>Information to be disclosed</i>
Occupation	Main occupation – past and present
Paid employment	Name of employer(s)
Self employment	Names of significant customers/clients accounting for more than, say, 10 per cent of income of individual or firm.
Directorships of commercial companies	Name of companies.
Significant shareholdings	Name of companies in which the Trustee owns, say, 5 per cent or more of the issued share capital.
Elected office	Name of authority.
Trusteeships or participation in the management of charities and other voluntary bodies	Name of body.
Public appointments (paid or unpaid)	Name of body.
Membership of professional bodies	Name of body.

- 3 Members should provide information (if known) in respect of a spouse/partner, children or other close relatives or dependants (e.g. living in the same household).

Section 4. The Governing Document

4.1 A governing document for Area Meetings

All charities must have governing documents. These are statements that set out what the charity is for, and how it is run. When Quaker meetings were covered by the “excepted status” of our Religious Society, it was sufficient to indicate that *Quaker faith & practice*, our “book of Christian discipline”, was taken to be our governing document. Indeed, much of the Society’s governance is described in its pages perfectly adequately. Not unreasonably, however, the Charity Commission, when faced with entering Quaker meetings on the Register, asked for the most relevant passages of *Quaker faith & practice* to be abstracted in a few succinct clauses. When they undertook this task, the Quaker Stewardship Committee (QSC) realised that a number of topics that might normally be covered within a governing document were not in fact covered there.

During 2005-06 QSC prepared two different governing documents, both drawing heavily on passages from *Quaker faith & practice*. One covers the centrally-managed work of the Society and the other is a draft document for use by Area Meetings. Both were presented to Yearly Meeting in 2006.

The current version of the governing document for Area Meetings has been approved by officials at the Charity Commission, and it can be adopted directly by Area Meetings. A slightly modified version has also been shared with the Office of the Scottish Charity Regulator for adoption by meetings in Scotland. We offer a commentary on the document below, indicating the sources of the material, and places where Area Meetings may wish to seek alternative wording before adoption. These sections are available separately from QSC as “*Interpretive Notes*” to accompany the governing document.

4.2 A note on procedure

“Governing documents” do not sit easily within our understanding of the Christian governance of our church. Of course we may well be used to them in a secular setting, or in the context of Quaker trusts with specific charitable purposes (such as a trust for the relief of poverty). All sections of *Quaker faith & practice*, including its church governance sections, are subject to revision every thirty or forty years, with small alterations being approved by Yearly Meeting virtually every year to take account of legislative or other changes. In this sense *Quaker faith & practice* is a living document, subject to reinterpretation or refinement, depending on how our Religious Society is from time to time led by the Spirit.

The governing document for Britain Yearly Meeting may similarly need steady revision, and we should always be open to the need for this. Following registration of BYM it will be for the BYM Trustees to bring revisions to Yearly Meeting for its consideration. The document has a legal status and any changes to it must be made following proper procedures (and may need to involve discussion with the Charity Commission).

Legally, it is possible for the trustees of any charity to suggest changes to the charity's governing document, and for these to be adopted by a meeting of the charity, as long as no modification is made which is contrary to charity law. The Charity Commission will advise whether their permission is required for the change. It would be, for example, if a change were being made to the objects of the charity. In the context of area meetings, however, **QSC requests that such issues be raised with them first, in case there are implications for other meetings, or for the governance of Britain Yearly Meeting itself.**

4.3 Using the governing document template

The template for use by Area Meetings is available from the Recording Clerk's Office at Friends House. So that individual meetings can work on the text, it can be obtained electronically from www.quaker.org.uk/QSC. It may thus also be made available to anyone in a meeting who wishes to read or use it. The accompanying *Interpretive Notes* in electronic form are similarly versatile.

Quaker Stewardship Committee developed the document following submissions from meetings. The present version was approved by the Charity Commission in March 2008.

QSC also offers guidance about the process that a meeting might follow when considering and adopting a governing document. This is presented as an Appendix to Section 4 of this Handbook.

4.4 Notes to accompany the QSC governing document

Interpretive notes to accompany QSC's approved governing document for area meetings

Some of the detailed wording of clauses of the governing document is taken directly (or with slight modification) from *Quaker faith & practice*, and in general these sections should not be altered.

The clauses in the document have been kept relatively brief. Meetings are advised to develop a separate document containing more detailed procedural guidance which does not form part of the governing document itself. In particular, QSC recommends that the trustees of area meetings are given **terms of reference** agreed by area meeting in session. If necessary these can easily be modified by the area meeting. Procedural changes of this sort that are enacted from time to time will not need to be passed to the Charity Commission for approval.

A number of the clauses in the governing document simply refer to working within the context laid down by "the Book of Christian Discipline", currently *Quaker faith & practice*, and this should always be taken as the Society's definitive guide on questions of governance.

Notes on individual clauses

[References to “*Handbook*” are to other sections of this handbook.]

Clause 3 Based on wording suggested by the Charity Commission during 2005 and adopted by Minute 30 of Yearly Meeting 2005, with an additional reference to *Quaker faith & practice* for meetings in Scotland.

Clause 5 Based on *QFP* 14.02.

Clause 7 In general, QSC’s advice should be obtained before amendments are agreed. Amended governing documents need to be lodged with the Charity Commission if the charity is registered, but some amendments require prior permission from the Commission (or from OSCR).

Clause 8 Based on *QFP* 11.07 and 11.38 (current edition).

Clause 9 Based on *QFP* 11.29 and 4.25.

Clause 10 Based on *QFP* 3.02, 3.06, 3.12, 3.07, 4.07, 4.08.

Clause 11 It is suggested that a list of local meetings should be appended to the governing document in the form of a schedule. This would not form part of the document itself, so would not need to be sent to the Charity Commission. It can be modified whenever the area meeting minutes a change of its constituent meetings.

Clause 12 Based on *QFP* 4.04. Not all area meetings have exactly these officers, but the essential point is that appointment to these tasks needs to be covered, and monthly meetings may describe how they undertake these functions. This clause specifies that these appointments should be made from members of the Society (though it does not specify that they must be drawn from within the area meeting – a treasurer, for example, might be shared with another meeting). The meeting of course makes other appointments in addition.

Clause 13 (See the *Handbook*, Section 3.) Individual area meetings may wish to be more specific concerning the number of its trustees. Note that Clause 13 specifies that trustees should be members of the Society. This is on the grounds that it is not reasonable for an individual to act as a trustee of a group that she or he is not prepared to join. Any meeting contemplating appointment of a long-standing attender is asked to consult the Recording Clerk for advice.

It is not good practice to include employees of the area meeting among the trustees since conflicts of interest may arise for them. Nevertheless, it may well be desirable for certain employees to be in attendance at trustees’ meetings, since they are generally well-informed about matters such as buildings maintenance.

Similarly, the clerk of the area meeting should not normally be a trustee since he or she may experience a conflict of interest when clerking an area meeting to which the trustees are reporting.

Clause 14 (See the *Handbook*, Section 3; and *QFP* §15.04)

Clause 15(iv) See the notes below about reserves and investments.

Clause 15(xiv) Trustee indemnity insurance is now generally permitted (see the extended note on page 36). It is included here simply so that the power is available: QSC does not wish to imply that it is necessarily desirable for monthly meetings to take this out.

It is not possible to insure the trustees against an *unsuccessful* defence to a criminal prosecution, since this would imply taking insurance against wrong-doing on the part of the trustees.

Clause 15(xvi) Trustees may delegate tasks to sub-committees as long as they continue to take responsibility for their actions – this would include anything from an area meeting library committee to a constituent meeting. However, in the case of a large LM with extensive local autonomy, the power to delegate some of the trustees' own powers might be used, as provided in Clause 18. (See the discussion in the *Handbook*, Section 5.)

Clause 16 Meetings may wish to prepare a note of guidance for trustees concerning the handling of conflicts of interest issues that may arise – or they may prefer to completely avoid using their trustees for professional tasks (see discussion in the *Handbook*, Section 3).

Clause 17 Meetings may wish to make minor changes to parts of this clause.

Clause 17(iv) The approved governing document contains no reference to a quorum of trustees being required to attend a trustees' meeting for the purpose of taking decisions. Rather, the important point within Friends' understanding is that all decisions should be taken "in right ordering". The group of trustees attending a meeting are responsible for ensuring that this is so, though it would be a task for the clerk to trustees to remind the group of this if necessary. It is clearly imprudent for the group to take decisions if few members are able to be present, if it is not possible for some reason for a full range of views to be expressed, or if time has not permitted adequate consideration of an issue.

Clause 17(vii) All major issues should of course be discussed within area meeting in session. Nevertheless, the trustees must take a responsibility for the meeting's decisions and for their implementation. No change may be made to this wording if it might imply that the ultimate decision-making process lies with area meeting itself, though it is clear that trustees must always have regard to the spiritual leadings of the parent body.

Clause 18 Trustees may delegate clearly defined tasks to committees that do not contain trustees. They may not, however, delegate their **responsibility** for ensuring that the tasks are carried out effectively and correctly, unless such responsibility is delegated to a committee containing at least two trustees. Clause 18 allows trustees to set up major committees (containing two or more trustees) with full powers if they wish, as long as they define their functions and powers

carefully and monitor their activities. LMs can be empowered to take charge of their own affairs in this way, if the trustees so decide. Alternatively, two or more trustees could be empowered to make a very specific decision on behalf of the trustee body in some emergency situation, if this was needed. Note that the delegation of powers can be revoked at any time.

(See the discussion in this *Handbook*, Section 5, on the relationships between Area and Local Meetings.)

Clause 19(i) Preparing accounts: the legal and accounting responsibilities are described in the *Treasurers Handbook*. **Preparing an Annual Report:** see this *Handbook*, Section 7.

Clause 19(ii) Presentation of the annual accounts within eight months (by the end of August for a meeting with a financial year ending on 31st December) gives time for final modification (if required), and signing, before the accounts are presented to the Charity Commission within ten months of the year end. See the notes below.

Clause 19(iii) Annual returns to the Charity Commission: the current requirement is to complete an annual form that updates the charity's contact details and similar information. **Meetings in Scotland:** reference to "the Charity Commission" should be replaced with "the Office of the Scottish Charity Regulator."

Clause 20 Based on *QFP* 14.20. The name of the parent meeting (either AM or LM) and, if appropriate, its registered charity number, should appear on the bank accounts of all committees.

Clause 21 Based on *QFP* 15.03, 15.16, but modified on the advice of Friends Trusts Ltd. Friends Trusts Ltd has no role in Scotland and Area Meetings in Scotland should therefore replace the first two paragraphs of this clause with:

"Ordinarily the trustees shall cause the title of all real property and investments held by or in trust for X Area Meeting to be held in the names of the trustees."

Area meetings within Six Weeks Meeting may need to modify this Clause and should consult with QSC about this.

4.5 Discussion about some points in the governing document

Investment policy – see 15 (v)

Trustees are normally required to obtain the maximum benefit from the assets of their charity. Nevertheless they may do this in ways (such as investment) that are consistent with their charitable purpose and that work in the charity's best interests. Reserve funds may be invested in ways that are consistent with Friends' ethical principles (see further discussion in this *Handbook*, Section 6).

It is good practice for the area meeting, and for each constituent meeting, to have a Reserves Policy for the guidance of treasurers. This should give guidance both about the magnitude of the sum that should be kept in a current account, and about how other sums might be invested. Special guidance might relate to the accumulation of funds for a building project, or to provide a prudent reserve in case of major property repair.

Trustee indemnity insurance – see 15 (xiv)

The Treasurers Handbook gives some advice about trustee indemnity insurance (TII). It is normally quite expensive and its cover is quite limited. Trustees are advised to read the terms and conditions carefully before purchasing it.

Although in law the purchasing of TII is regarded as a form of trustee remuneration, s.73F of the Charities Act 1993 (England and Wales) now provides a general power to buy it using charity funds unless it is specifically prohibited by the governing document. The power can still be included without detriment in governing documents for England and Wales and it remains necessary in Scotland. Although TII is formally not permitted in Scotland, where it is not normally possible to offer any remuneration that would affect a majority of the trustees, it will from some future date be permitted and OSCR will neither take action against charities that have TII in place nor turn down new applications because of it.

Conflicts of interest - see 16 (ii)

Many meetings contain individuals with professional expertise that they may offer in the service of the meeting. It is up to the meeting to decide whether to use the skills of such an individual, whether to pay for these skills and at what rate, and whether to invite independent tenders for this sort of work. However, should the individual happen to be one of the meeting's trustees, it is important that no conflict of interest should arise in awarding her or him a contract for work undertaken on the meeting's behalf. (See the discussion in this *Handbook*, Section 3, about the issues that may arise for meetings under these circumstances.)

Clause 16 (ii) refers to "instruction". This is used here in the technical sense of the trustees taking a decision about whether to "instruct" a professional person (such as a solicitor or an architect) to act on the meeting's behalf, i.e. deciding whether or not to appoint that individual to undertake a task, or whether to award a particular contract. While this decision, or the matter of payment, is being discussed, any individual who might be personally affected should withdraw. However, once the trustees have decided to appoint that person and to remunerate her/him, the trustees take on a new role as "clients" and can discuss whatever they wish with that person, while being aware, perhaps, that a charge may be levied for the professional input. The individual then acts as a professional consultant, rather than as a trustee, for this item of business.

Producing accounts within eight months – see 19 (ii)

At present the Charity Commission requires submission of a report and accounts within 10 months of the end of the charity's financial year. This sort of timescale is often thought to be hard for Area Meeting treasurers to follow, particularly when they have to fit the task around their job and family needs.

The inclusion of a requirement to present the Report and Accounts to monthly meeting within eight months may be altered if this does not suit an individual monthly meeting. Note however that the trend appears to be in the direction of the Charity Commission requiring ever speedier submission.

In particular, it can be hard to accumulate all the relevant information from constituent meetings – and it is often the smallest that is slowest! Some treasurers issue a *proforma* on which local meeting treasurers can summarise the information required for consolidation at the Area Meeting level, and local treasurers are advised to keep their books in a form that enables such summarising to be done very quickly. The forms can then be submitted by email. Further help is available in the *Treasurers Handbook*, and meetings are encouraged to complete the whole process as expeditiously as possible each year.

It is clearly desirable that business meetings at all levels in the Society should devote some time to consideration of financial matters close to the start of each year. Budgets need to be informed by the previous year's financial outcome; a preliminary (and unexamined) form of Receipts and Payments account may well suffice for this purpose, as long as the complete (and audited or independently examined) accounts are received later in the year.

Appendix to Section 4

Adopting a Governing Document

Some area meetings have asked about the process that should be followed when they consider and adopt a governing document (GD). This is a new process for virtually all meetings and QSC drew up the following guidance in March 2007. This consists of a number of suggestions about the steps that need to be taken. They are intended to help meetings: they are not in any sense prescriptive.

Considering and adopting a GD:

1. The area meeting appoints a group to consider the detailed wording of the GD. This could be the meeting's existing trustee group, or an *ad hoc* group appointed for the purpose.
2. There is a presentation within area meeting in session, followed by consideration by the membership in whatever way suits the AM.

3. Queries may be raised informally with QSC members (this can be done through the Recording Clerk's Office). In fact, almost all the modifications suggested by meetings are likely to be completely acceptable from QSC's point of view - frequently they are clarifications or minor improvements to the wording that have no effect on the charitable purpose of the meeting. Please note, however, that members of QSC are not lawyers: Area Meetings may wish to obtain their own legal advice about detailed (or general) points. Nor can QSC take relatively minor matters to the Charity Commission for an opinion: staff in the Commission have already given generously of their time in helping QSC to formulate the template (and they have to work with many other excepted charities in addition to Quaker meetings).

4. In due course, the AM adopts the GD. The AM is already a charity (which is currently excepted from registration) and it is not necessary for it to adopt a GD "subject to the Charity Commission's approval". As with any other charity, it will be for the Charity Commission to agree whether or not the GD that has been adopted is acceptable to them at the time that the AM applies for registration. They will suggest changes if it is not, and then it will be for the AM to decide how to respond (for example, by approving a modification to the GD). After the AM has become a registered charity, any further changes will need to be notified to the Charity Commission following their normal procedures.

5. QSC notes that there may well be a long delay between the consideration and adoption of a GD by the AM and the AM's eventual registration with the Charity Commission – this could be several years for those who are not considered in the first wave of registration in 2009. This gives time for the AM to become used to working with a trustee group and will provide an opportunity for modification of the GD if required.

6. In general the GD should become effective as soon as it is adopted (though there is no reason why there should not be a delay if there is a reason for it – such as the need to seek and appoint members of the trustee group). The GD says, and our discipline requires, that *Quaker faith & practice* is the ultimate authority for what the meeting does, both before and after the adoption of the GD.

If the AM already has a body that is acting as a trustee group:

7. The position of the existing trustees will not be affected by adopting the GD unless the GD changes their existing situation in some way (for example, if the GD says there should be ten trustees but the existing trustee body actually contains fifteen). Of course, the existing group may be given new responsibilities through becoming charity trustees (if, for example, the group was previously limited in its responsibility to Finance and Property matters) in which case the AM Nominations Committee might be asked to consider whether its composition needs to be changed or augmented.

8. Even if the AM already has a body of trustees, it might be wise for the AM formally to minute that it appoints them as trustees of the AM under the terms of the newly adopted GD. They should then be listed by name in a minute of the AM.

9. If the AM already has a trustee body, it might be wise to review the terms of reference of that body in the light of the newly adopted GD.

If the AM does not have a trustee body or a committee acting in that capacity:

10. If the AM does not have a trustee body, the small group considering the GD on behalf of the AM (see (1) above) should consider the implications for the AM of constituting such a body of trustees. They might make suggestions to AM about whether there should be any special considerations about who might be appointed as a trustee (to ensure representation from a particular LM, for example) and they might start the process of drawing up terms of reference for the group. Such suggestions should be brought to AM in conjunction with its consideration of the GD.

11. For an AM without a trustee body, the AM Nominations Committee should be asked to consider appropriate nominations at the same time as the AM is considering the GD, and the GD should only be adopted from a date at which the trustees have been appointed.

Registration of the area meeting:

12. At the time of registration, the AM will send its documents, as detailed in mailings from Friends House in the latter part of 2008, to the Recording Clerk's Office at Friends House for onward transmission to the Charity Commission. The documents will be checked for adequacy by QSC and then sent, with a memorandum confirming the AM as a part of the Religious Society of Friends, to the Charity Commission.

[Note that references to the Charity Commission should be replaced by references to the Office of the Scottish Charity Regulator (OSCR) in Scotland, and that in Scotland area meetings are already registered.]

Section 5. Terms of Reference for trustees

5.1 What are “Terms of Reference”?

A meeting will need to draw up Terms of Reference for its trustees. This document, agreed by area meeting in session, sets out the functions and responsibilities of the trustee group and how the trustees will work. Terms of Reference can be revised periodically in the light of experience or in response to changes in the meeting, as long as they are consistent with the meeting’s governing document. They will differ for each meeting, depending on how its properties are managed, the respective roles of the area meeting and its constituent local meetings, and so on.

The Terms of Reference in this section are just one example. They are based on a set recently developed by one area meeting that was reviewing the terms of reference in association with the new governing document (in the Appendix to section 8), which includes substantial instructions for the constitution and conduct of the trustee body. Any meeting drawing up a similar document will need to make modifications to suit its own circumstances. A more formal approach to drawing up Terms of Reference can be found in “*Right Ordering*”, the guide to the governance of Quaker meetings developed by Luton & Leighton Monthly Meeting (see Section 8).

5.2 Specimen Terms of Reference

X AREA MEETING TRUSTEES

Terms of reference

These terms of reference are to be read in conjunction with the governing document. Where there is apparent conflict the governing document has precedence.

1 General remit

- 1.1 To act as trustees of X Area Quaker Meeting (hereinafter referred to as the Area Meeting or AM) in accordance with the governing document of the AM.
- 1.2 The Area Meeting is a charity and the trustees have attendant responsibilities in law.

2 Membership

- 2.1 The trustees of the Area Meeting shall as far as practicable include:
One member from each Local Meeting (LM) in the Area Meeting
The assistant clerk of AM (*ex officio*)
The treasurer of AM (*ex officio*)
The assistant treasurer of AM (*ex officio*)
Two or more other members of the AM
- 2.2 Trustees from constituent meetings take a dual role, acting both as members of the Area Meeting and enabled to represent the trustees' activities to their local meetings.
- 2.3 Friends or attenders who are not trustees of the Area Meeting may be invited to specific meetings to contribute to consideration of a particular matter.
- 2.4 The clerk of the trustees will be regarded as one of the officers of the Area Meeting (in the same way as the AM's clerks and treasurers), and will be subject to appointment directly by the AM. The clerk may be any of the trustees as listed above, apart from the treasurer.

3 Conduct of meetings

- 3.1 Minutes of meetings should be sent to the clerk of Area Meeting with recommendations as to those parts to be drawn to the particular attention of the AM. Copies should also be sent to constituent meetings. They may be made available to Friends either through their representatives among the trustees or by request to the clerk.
- 3.2 Trustees should be aware of their general duties and liabilities. They should also be aware of the requirement to declare conflicts of interest whenever these arise.

4 Trustees' functions

- 4.1 The prime function of the trustees is to take overall responsibility for the day-to-day administration of the money and property of the Area Meeting. This responsibility is discharged through ensuring that individuals are appointed to undertake specified tasks, that these individuals have received any training required for this work, and that the required tasks are being undertaken satisfactorily.
- 4.2 *Finance:*
1. Oversight of the accounting function of the treasurers within the AM, including budgeting, preparation of annual accounts, audit or independent examination, and conduct of the financial affairs of the Area Meeting and of its constituent meetings.
 2. Ensuring that adequate reserves are maintained by the Area Meeting to meet the cost of emergencies, and that the Area Meeting has an agreed policy with regard to financial reserves.

4.3 *Property:*

1. Ensuring that responsibility is being exercised for the upkeep and maintenance of all buildings owned by the Area Meeting.
2. Monitoring policies and rates in respect of tenancies, lettings or room hirings.
3. Ensuring that appropriate valuation of all property has been obtained for insurance and other purposes.
4. Advising Area Meeting about the purchase, use and disposal of property, or about the implications for the Area Meeting of the receipt of property as a gift.

4.4 *Risk management and legal compliance:*

1. Ensuring that appropriate returns are made to the Charity Commission or other government offices.
2. Ensuring that appropriate insurance policies are in place.
3. Ensuring that regular overview is taken of any risks to which the Area Meeting may be exposed.
4. Working with the Area Meeting and its committees to ensure that the Area Meeting has updated policies in relation to all legal requirements, including (but not limited to) health and safety, conditions of employment, child protection, data protection and environmental care.

5 *Authority*

5.1 *Finance:*

The responsibility and powers of the trustees with respect to finance are as set out in the governing document.

5.2 *Employment:*

The trustees may delegate responsibility for all aspects of the employment of individuals by the Area Meeting to Local Meetings or appropriate committees, including the terms and conditions of employment and the supervision and oversight of employees, as long as any change in staffing structure or of conditions of service has the prior approval of the trustees. The trustees shall be responsible for recommending the employment of other staff on a consultative basis, including, when appropriate, members of the Area Meeting.

5.3 *Property:*

5.3.1 The trustees shall take an overview of the way in which all of the Area Meeting's property is utilised, consulting Area Meeting before any significant change of use is allowed.

5.3.2 The trustees shall ensure that an agreement is drawn up that specifies the authority and responsibility of each constituent meeting with regard to the premises that it occupies. This agreement will cover items such as regular inspection of the fabric, maintenance and utilities contracts, the limits of allowed expenditure and the hiring out of rooms to external bodies.

- 5.3.3 The trustees will take general oversight of the work of the Premises Committees of constituent meetings and formally receive the minutes of each meeting of such Committees in order to ensure that buildings owned by the AM are being repaired and maintained.
- 5.3.4 The trustees shall ensure that due consideration is given to environmental and ethical concerns in all aspects of management of the Area Meeting's property.
- 5.3.5 The trustees shall ensure that the Area Meeting's legal obligations with regard to property are being fulfilled, seeking professional advice on this when appropriate, and that good practice is followed in terms of tendering and letting contracts for major work.

6 Date and approval of these terms of reference

- 6.1 These terms of reference were presented in outline to X Area Meeting at a meeting for church affairs held on (Minute). Following a period of consultation they have been agreed at an Area Meeting held on

5.3 Relationship between area meeting and constituent meetings

Members of an area meeting are attached to local meetings which in secular terms might be regarded as local branches of a charity. The area meeting trustees have a responsibility to ensure that local meetings are behaving with probity in their management of the assets entrusted to them. Local meetings themselves, however, vary enormously, from large city-centre meetings with meeting houses and a major role in their own community to very small house groups, so that how trustees will exercise this responsibility will depend on local circumstances.

Quaker faith & practice, §4.33 in the 2008 revision, sets out the responsibilities of a Local Meeting. It is up to area meetings to decide which responsibilities each Local Meeting should take on, appropriate to its needs (Minute 25 of Yearly Meeting, 2005). As part of this, local meetings need to provide some sort of reports to area meeting about their activities and how they have discharged their responsibilities, including their oversight of financial matters.

How far should trustees delegate their responsibility? Trustees have the power to delegate defined tasks to committees, as long as these communicate effectively with the trustee body. This could be an effective method for giving large LMs considerable autonomy over local trusteeship functions. Alternatively, they can establish committees for running local affairs which have more limited powers and clearly defined limits to their responsibility, more suitable for smaller LMs.

QSC recommends that area meetings should draw up an agreement (a "memorandum of understanding") with each local meeting so that each party knows what the other should be doing. This would include all aspects of the running of the local meeting; annual reports about local meetings should then inform any report that the trustees draw up at the end of the year.

It is important that any understanding with a local meeting covers a number of aspects relating to finance and property. In practice these matters are frequently dealt with completely differently from one meeting to another, depending on how they have been worked out in the past. Writing things down helps to avoid situations where a new post-holder can complain that no-one has ever explained what the post entailed, or where something important may simply be ignored. The memorandum should note the limits on the LM's responsibilities for financial and property matters, the setting up of the LM's bank account and how many signatories it contains: matters that will have been formally defined and delegated by the trustees..

In legal terms the property and funds of each local meeting belong to the area meeting, even though they form a designated or, rarely, a restricted fund which may normally be available for spending only on the work of the local meeting. All must be accounted for in the financial statements prepared each year by the area meeting treasurer.

There is no reason why a memorandum of understanding drawn up with one constituent meeting should be the same as that drawn up with another, nor why different area meetings should deal with this issue in a similar way. The important point is to get things written down; the following notes simply cover some of the topics relating to finance and property that might be included.

5.4 Memorandum of understanding – an example

This is a specimen agreement that could be used by an area meeting with all its local meetings. It focuses primarily on arrangements for dealing with finance and property, though other matters are also covered. Additional examples are to be found at www.quaker.org.uk/QSC.

MEMORANDUM OF UNDERSTANDING between X AREA MEETING and Y LOCAL MEETING

It is hoped that the local meetings within the area of X Area Meeting will undertake the following:

- a. Setting out, and agreeing with the trustees, the bank accounts that may be required.
 - i. All monies received should be banked to the accounts
 - ii. There should be three or four signatories to the accounts, with any two of the signatories authorised to sign cheques. (The persons signing a cheque should be recorded on the voucher authorising the payment.)
 - iii. No commitments should be entered into unless funds are available

- b. Appointing members to be responsible for Health and Safety Requirements and Child Protection procedures, notifying the trustees of the appointments made. (It may be appropriate for one Friend to take on such responsibility for another meeting, as well as his/her own).
- c. Informing the trustees of any insurance claims, should there be any damage or loss which justifies a claim. (Note that there may be an excess applying to the policy.)
- d. Ensuring that financial reserves are kept at an appropriate level: they should be sufficient to meet expenditure without having recourse to borrowing, while also ensuring that funds are employed for the purposes for which they were given.
- e. Sending to the trustees annually, within two months of the end of the year:
 - i. A report of significant matters which should be included in the trustees' annual report;
 - ii. A statement showing which of the duties listed in *QFP* §4.38 have been carried out;
 - iii. Sufficient information as the trustees may require to enable the accounts of the local meeting to be included within the accounts of the area meeting.

[A standard "**Financial Information Form**" used by one area meeting treasurer is provided as an Appendix to this section, by way of example.]

Use of a meeting house

Where a **meeting house** is available for the local meeting to use, the meeting should also:

- a. Choose residents and tenants for long-term leases, deciding the terms on which they occupy rooms or accommodation; arrange lettings or hirings for the day or evening. (The forms of agreement used should be those that have been agreed with the AM trustees.)
- b. Employ such staff as may be necessary, whether as resident Friends/Wardens, cleaners or gardeners. The contract of employment should be in a form agreed by the trustees who will need to ensure that legal requirements are met, for example, minimum wage legislation, holiday arrangements, and pension provision. The meeting should arrange to deduct tax, national insurance etc. (Note that it may simplify matters if one meeting, or the area meeting, takes on responsibility for payroll administration with the cost being re-charged to the local meeting.)
- c. Arrange for, and meet the cost of, internal redecoration and minor internal repairs (i.e. the normal tenant's responsibilities) in respect of the rooms used by the meeting and its Warden/Resident Friend. (Competitive tenders should be sought where the cost of the work exceeds £300.)

- d. Acting as agent for the area meeting (where appropriate), pay the outgoings for and receive the income from those parts of the premises (e.g. adjacent property which may be let for residential or business use) which are not directly related to the normal activities of the meeting. ('Outgoings' here means all repairs and the appropriate proportion of the cost of insurance.)
- e. Exercise a 'watchdog' role in keeping a close eye on the external and structural state of the buildings and alert the trustees or the convener of the AM Property and Finance Committee when maintenance or remedial work is needed, preferably in time for inclusion in the next budget.
- f. Take the initiative in suggesting improvements or alterations to meeting houses and other properties which we manage. Note that a local meeting must seek approval from the trustees before putting works in hand, whether or not the local meeting is to pay for the work.

APPENDIX to §5.4: FINANCIAL MANAGEMENT RETURN

MEETING:

Treasurer's name:

1 Treasurer's Handbook

1.1 Who holds the Meeting's copy?

--

2 Bank account(s)

2.1 In which bank(s) are the Meeting's funds held?

--

2.2 What are the name, number and sort code of the current account (s)?

--

2.3 What other types of account are held?
(Deposit/ / notice account)

--

2.4 Are any Meeting funds held elsewhere?
Please specify.

--

3 Operation of Bank Accounts

3.1 Who – names/offices held - are mandated to sign cheques/withdraw funds?

--

3.2 How many signatures are required?

--

3.3 Must the Treasurer always sign?

--

3.4 What limits are there on the discretion of signatories to make transactions?

--

4 Non-property Investments (other than bank accounts)

4.1 If the Meeting holds other investments (shares, unit trusts, OEICs) please list them.

--

5 Tax Efficiency

5.1 Do you claim tax refunds on Gift Aid donations? If so, please give your Inland Revenue reference number.

--

Section 6. Financial aspects

6.1 The treasurer as a trustee

Much of trustees' work relates to finance – questions such as whether the meeting's assets are being managed properly, or whether the meeting can afford to undertake some project, fall naturally within the trustees' area of responsibility. For this reason the area meeting treasurer is normally one of the meeting's trustees, and through her or him there should be contact with other Friends who deal with financial matters within constituent meetings.

In consequence, and because treasurers are frequently asked for advice on such matters, the Treasurers Handbook gives a full account of financial aspects of trusteeship, and only a brief summary is provided here. Nevertheless, the final responsibility for these matters rests with the trustees collectively.

6.2 Financial responsibilities

Area Meeting trustees should ensure the following:

- All the funds and property of the area meeting should be under their control – they carry the ultimate responsibility, and if they cannot oversee the way in which some fund or property is used, the area meeting should consider whether there is a case for separate charitable status of that entity.
- Full and accurate accounts should be kept and full details should be reported to the trustees at least annually (or more frequently if the trustees have decided that this is warranted – for example, because a special project is being undertaken).
- Bank accounts should be operated by more than one person and the trustees should determine the levels at which more than one signatory is required for the operation of an account.
- The different purposes of the meeting should be accounted for in separate designated funds; separate bank accounts should be opened for different designated purposes only with the approval of the trustees.
- All funds that are owed to the meeting (such as tax and rates relief) should be collected. Sums that it owes (including PAYE and NI contributions for employees) should be paid promptly.
- Money should only be spent in furtherance of the charitable purposes as stated in the governing document. Income should generally be spent, unless there is an explicit purpose for accumulating it (for example, saving for future building work). There should be a Reserves Policy that takes account of future needs such as potential building repairs and the meeting's obligations to employees.
- Investment should be made following professional advice, seeking both income and capital growth and avoiding speculation. There is no requirement to invest funds in ways that run counter to the Society's religious discernment just because a higher return could be obtained, but the meeting should have a clearly stated ethical investment policy if this is appropriate.

6.3 Fundraising

Meetings raise funds for Quaker work, and treasurers and collectors are briefed about this and are supported by Quaker Communications Department. If there are special appeals for particular aspects either of the meeting's own work (for example, a building appeal) or for some Quaker work that is external to the meeting, the only constraint on the fundraising is that those contributing need to be clear how the funds raised are to be used, i.e. the purpose of the collection.

If meetings wish to raise funds for non-Quaker work it is important that the collection is not only accounted for and passed on according to proper procedures, but that the money does not enter Quaker funds. Members can of course give money for any cause, but Quaker money, given for Quaker work and possibly supported by a benefit such as tax relief, should be kept quite separate and distinct.

The Charity Commission permits fundraising through bring-and-buy sales and through various small scale activities, as long as the purpose of the collection is clear. Should fundraising begin to take place on such a scale that it could be considered to be 'trading', however, other rules apply and the Charity Commission leaflet CC20 'Charities and fundraising' should be consulted. Similarly, care should be taken to ensure that the rules are followed whenever any external fundraiser might be employed.

6.4 Using funds for Quaker and non-Quaker purposes

Money collected for the use of a Quaker meeting must be used for the general religious and charitable purposes of the Society, since this is our "charitable object". There will be no difficulties over the great majority of a meeting's expenditure, covering as it does the upkeep and running of our meeting houses, the support of members attending Quaker conferences and so on. Other expenditure **from meeting funds** could be used, as long as it is on a relatively small scale, for purposes such as:

- relief of poverty or the education of both children and adult members and attenders: these would be seen as charitable and arising from our Christian witness;
- social projects with a charitable purpose and carried on by the meeting for the benefit of the wider community;
- support of a charitable project not carried out directly by the meeting but over which the meeting has some considerable influence on policy or management;
- support of other projects – such as disaster relief – where the meeting has no influence on policy or management, but which clearly witness to the principles and practices of the Society. If possible, projects which have some link to Quaker work should be supported before support is offered to completely external work.

The meeting's money is "Quaker money" and has been given for Quaker purposes. But Friends cannot themselves undertake everything, and small sums

can be given outside the Society as long as the meeting is clearly led to do this (with a clear minute of its decision). Should there be any doubt about this, it is better to take a special collection among Friends, keeping this clearly separated from Quaker funds, as described above.

A meeting may decide to collect money for a non-Quaker charity, for example, through a collection following Meeting for Worship. This money should be kept outside its own Quaker funds and should be passed on directly (the meeting simply acts as an agent in passing this money on).

In certain circumstances a meeting may establish a long-term relationship with another charity – for example, through supporting some overseas charitable work. In this case it needs to exercise special care in managing the funds collected to support this concern:

- appoint a group of Friends to oversee the collection and disbursement of the money;
- set aside a separate restricted fund which receives only funds that have been specially designated by the donor for this purpose;
- seek HMRC approval before Gift Aid is collected on such donations;
- prepare accounts for the restricted fund, and ensure that they are audited or independently examined as a restricted fund of the meeting;
- ensure that the meeting's trustees are kept fully informed about the fund.

6.5 Concerns for the trustees

When considering donations of the meeting's money to causes outside the Society, the trustees should ask two fundamental questions:

- In what ways will this expenditure advance our purpose as a Religious Society?
- Is it certain that no tax-effective gift (for example, money contributed through CAF or under Gift Aid) is being used for a non-charitable cause?

Small gifts may be made to non-Quaker charities as long as the recipient has charitable purposes similar to those of the Society, that the donation itself can be seen to be furthering the meeting's own purposes, and that the donation is felt to be the best way of doing this particular piece of work (compared with giving money to a Quaker cause).

6.6 Investment and reserves policies

It is the duty of the trustees to approve both investment and reserves policies for the guidance of the treasurer of the charity. Good advice can be found on the Charity Commission's website (see CC14: *'Investment of charitable funds: basic principles'*).

The meeting's reserves policy should give a clear indication about the amount of resources that needs to be held by the meeting, and the purpose of this reserve. This should give any reader sufficient information to judge whether the charity is acting prudently, or whether it appears to be hoarding resources unnecessarily.

The stated policy does not need to be very lengthy or complicated but it should cover:

- The reason(s) why reserves are needed;
- What level (or range) of reserves the trustees believe the charity needs;
- What steps the charity is taking to establish or maintain its reserves at the agreed level;
- What arrangements the charity makes for reviewing the reserves policy.

The size of reserves might well vary from time to time. While a meeting may well decide that holding a certain level of reserve is prudent for covering the maintenance, repair and refurbishment of its buildings, it might try to accumulate additional reserves over a number of years in order to undertake a new building project. This should be explained in the Annual Report.

An investment policy deals with how surplus resources should be invested. It should give some indication about the considerations taken into account by the trustees in placing their investments; where these are ethical considerations relating to Friends' principles, these should be stated as clearly as possible. Treasurers should be given guidance about the distribution of resources between current accounts and deposit accounts.

6.7 Annual accounts: independent examination or audit

Accounts should be prepared annually by the area meeting treasurer. They must cover all financial activity that is encompassed within the charity, including the financial activity of constituent meetings and of any constituent charity that is not separately registered with the Charity Commission. They should be presented to the trustees for their approval and for passing on to the area meeting in session.

Before they are approved, all accounts must be subjected to independent examination or to an audit. There are financial thresholds which determine which is required (an audit is more rigorous and must be conducted by a qualified auditor), and these are to be found in the accounting regulations for charities published by the Charity Commission. The examiner or auditor should be appointed by area meeting in session (generally on the recommendation of the trustees).

6.8 Difficult issues

One important area that may give difficulty is support of organisations that undertake political activity. Political parties or organisations established solely for political lobbying are not charitable. However, charities may undertake reasonable advocacy of causes which directly further their own objects, so some charities clearly do undertake political activity. Friends will of course be led to undertake political activity as individuals, but meetings must give very careful consideration to the grounds on which they might feel led to support political activity corporately.

Careful minuting of decisions is essential. One of the duties of trustees is to point out clearly any circumstance in which they feel the meeting might be acting

illegally, whether this is some direct action or merely offering some form of support (particularly financial support) to others who are believed to be acting illegally. Any such query that is raised by the trustees should always be minuted, and professional advice should be sought if possible. If, following proper discernment, the meeting is clearly led to participate in some activity that may be deemed to be illegal, trustees may feel that they must dissent from the relevant minute.

In the last resort, individual trustees may feel that they have to seek to be released from the office of trusteeship before they can unite with the meeting. Trustees should note, however, that a charity may not be left without the minimum number of trustees that is specified within its governing document.

Section 7: Trustees' Annual Report

7.1 Why prepare an Annual Report?

Trustees are responsible for preparing a report each year about the charity that they are managing. This should accompany the annual accounts. The accounts focus on financial matters, but the report links these to the objectives, strategies, activities and achievements of the charity during the year, as well as describing the charity's structure and how it works.

It is very helpful to readers if the reports written annually by the trustees of charities follow a roughly similar layout and contain similar information. The Charity Commission has therefore suggested what topics should always be presented. The following list is based on that given in SORP 2005, but interpreted for the use of area meetings; though many of the suggested items are not obligatory their inclusion would be regarded as good practice. Nevertheless, SORP 2005 provides far more information about possible topics for inclusion. In particular, charities whose accounts require a full audit have more stringent reporting requirements than smaller charities, and larger area meetings will need to refer to the complete guidance.

Sections below that are marked with an asterisk* are not obligatory for charities that are not subject to statutory audit.

It is not necessary for area meetings to provide very detailed annual reports, and for many of the headings the same information can be repeated in successive years. For guidance about the sorts of topics that might be covered, reference can be made to BYM's Trustees' Report and Accounts (which appears in Yearly Meeting papers each year).

7.2 Report outline

Reference details

1. The registered name of the area meeting and, if different, the name by which it is commonly known.
2. Dates of the period covered by the report and accounts.
3. Charity Commission registration number, and, if applicable, the area meeting's company registration number.
4. Address of the principal office; usually this will be an address that can be used for communication with the clerk to the trustees.
5. Names of all those acting as trustees on the date that the report was approved and of any others who acted during the relevant year (with the dates of their service if not throughout the period).

6. Name of key officers (for area meetings, the clerk, assistant clerk and treasurer).
7. Names and addresses of other relevant organisations or persons such as bankers, solicitors, auditor (or independent examiner) and any other principal advisers (for example, Friends Trusts Ltd).

Governance

“The report should provide the reader with an understanding of how the charity is constituted, its organisational structure and how its trustees are appointed and trained and assist the reader to understand better how the charity’s decision-making processes operate” (SORP 2005).

The report should therefore explain the following in outline:

1. *The nature of the governing document:* for example, a governing document adopted by the area meeting on [date].
2. *The methods adopted for the recruitment and appointment of new trustees:* for example, appointment by area meeting following nomination by Nominations Committee.
3. **Policies for the induction and training of trustees:* the existence of terms of reference; provision of past minutes and briefing by the clerk of trustees.
4. **The organisational nature of the charity* and how decisions are made: the nature of the Quaker business method; the holding of meetings of area meeting in session; the holding of trustees’ meetings.
5. **The relationships between the charity and related parties, including its subsidiaries:* the main charity is the area meeting and its subsidiaries consist of its local Meetings and its committees, especially those committees that hold funds and bank accounts. The relationship of the area meeting to the rest of Britain Yearly Meeting within the Religious Society of Friends should be explained and the role of Friends Trusts Ltd as custodian trustee should be mentioned as a ‘related party’.
6. **Risk assessment:* a statement should be made that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and that systems or procedures have been established to manage those risks, for example through taking out appropriate insurance, conducting health and safety audits of premises and so on.

Objectives and activities

1. *The objects of the charity:* these are the furtherance of the religious and charitable purposes of the Religious Society of Friends. What this means should be explained briefly. The right holding of public meetings for worship in our constituent meetings, and regular meetings for church affairs in all the

2. **Grant-making policies:* policies for the distribution of funds collected from Friends within the area meeting where they relate to passing funds on (or making grants) to organisations outside the area meeting itself, such as the support of BYM, and support for other Quaker activities. Particular attention should be paid to whatever policies exist for determining support offered by the area meeting or its constituent meetings for non-Quaker organisations (if any).

Achievements and performance

The main achievements of the year: numbers of members and attenders during the year; any meetings established or laid down; major premises developments. The report should then indicate significant activities during the year that have contributed to the achievement of the objects (for example, listing the places where public meetings for worship are held, and their regularity; and other significant activities undertaken for the spiritual development of Friends and attenders). It should also indicate significant activities related to Friends' corporate witness within the geographic area of the area meeting.

Financial review

1. *Reserves policy:* the area meeting's policy on reserves should be explained, including the level of reserves held and why this is appropriate; any designation of special funds should be explained, including the likely timing of future expenditure from such funds (for example, funds set aside for future building work).
2. *Deficits:* an explanation should be given if any of the area meeting's funds is materially in deficit, together with the steps being taken to address this.
3. **Principal funding sources:* how funds are collected from Friends and attenders; main activities for generating funds; any major legacies or grants received during the year.
4. **How expenditure has supported objectives:* the main categories of expenditure and how these further the religious and charitable objectives of the area meeting
5. **Investment policy:* the principal factors that determine how the area meeting invests its funds, including the extent to which social, environmental or ethical considerations are taken into account.

***Key plans for the future**

This section may include projects of any kind such as plans for possible changes to the structure of the area meeting or planned building developments, with an indication of when they are likely to occur and their likely financial impact.

Public benefit statement

For financial years beginning after 1 April 2008 (i.e. for AM accounts from 2009 on) the report must include a statement confirming whether the charity trustees have complied with their duty to have due regard to the guidance on public benefit published by the Commission in exercising their powers or duties.

7.3 Signing off the Annual Report and Accounts

Whether your area meeting's annual accounts need to be audited by a qualified auditor or whether they should be examined by an appropriately experienced independent examiner depends on financial thresholds (see the *Treasurers Handbook*). The auditor or examiner must be completely independent of the charity and of the trustees themselves, and one way to help to ensure this is that he or she should be appointed by area meeting in session, rather than by the trustee body, even if the area meeting asks the trustees to make a recommendation.

The auditor or examiner should provide a signed report which should accompany the accounts. The Annual Report and Accounts should be signed by the clerk of the trustees and may also be signed by the area meeting treasurer.

The Annual Report and Accounts for the area meeting are then public documents, and the area meeting (since it is a charity) is obliged to make them available to any member of the public who asks for them (a small charge may be made for printing and distribution, but this must be minimal).

In addition, if the area meeting is a registered charity, a copy must be sent **within ten months of the end of the financial year to the Charity Commission or within nine months to the Office of the Scottish Charity Regulator**. All area meetings (whether registered or not) are also asked to send a copy at the same time to the Recording Clerk's Office at Friends House. In addition, the Charity Commission and OSCR require an annual return to be submitted containing a certain amount of routine information about each charity, and they may also require submission of a monitoring form summarising some financial details.

Section 8: Useful sources of information

8.1 Quaker sources

Staff at Friends House and members of the Quaker Stewardship Committee are always willing to assist meetings over issues related to trusteeship, and Friends are encouraged to contact them through the Recording Clerk's Office. It is helpful for QSC in particular to build up experience about matters large or small that cause difficulty and no Friend should feel that a matter is inappropriate for seeking guidance.

Woodbrooke Quaker Study Centre provides training on issues connected with trusteeship on site, regionally and by arrangement with particular meetings.

Published information

Quaker faith & practice (Chapter 15) covers "Property and trusteeship", providing a helpful starting point. The latest version is to be found at www.quaker.org.uk.

Right Ordering: A Handbook of Business Practice within the Area Meeting Luton & Leighton Area Meeting, 2004

A CD available from the Quaker Bookshop containing files covering job descriptions, terms of reference, timetables and simple explanations of the tasks to be undertaken within Luton & Leighton AM. They are in a form that can easily be used as a model by other meetings wishing to incorporate modifications to meet their own needs – but aspects may be out of date.

Treasurers Handbook

Available from Quaker Communications Department, Friends House, online at www.quaker.org.uk/treasurers

8.2 General information

The most useful source of general information is the Charity Commission website, and guidance relevant to Scotland is found on the website of the Office of the Scottish Charity Regulator:

www.charity-commission.gov.uk/
www.oscr.org.uk/

Other organisations providing very useful information in a form accessible for non-specialists are the National Council for Voluntary Organisations (and its Scottish counterpart) and the Directory for Social Change.

CC3 The Essential Trustee: What you need to know

Charity Commission, February 2008

This is the key document from the Charity Commission and is a very readable and authoritative guide.

CC3(a) Responsibilities of Charity Trustees

Charity Commission, January 2007 [A bullet-point summary of essential information]

CC9: Speaking Out: campaigning and Political Activity by Charities

Charity Commission, March 2008

CC15: Charity Reporting and Accounting: the essentials

Charity Commission, May 2007 [applicable to our year 2008]

CC15(a): Charity Reporting and Accounting: the essentials

Charity Commission, April 2008 [applicable our years 2009 and later]

CC20: Charities and fundraising

Charity Commission, April 2008

CC28: Disposing of Charity Land

Charity Commission, February 2007

CC31: Independent Examination of Charity Accounts: Trustees' Guide

Charity Commission, October 2008

CC33: Acquiring Land

Charity Commission, April 2001

CC36: Changing your Charity's Governing Document

Charity Commission, March 2008

SORP 2005 Accounting and Reporting by Charities: Statement of Recommended Practice

Charity Commission 2005; second edition 2008

OSCR 4 Guidance for Charity Trustees

Office of the Scottish Charity Regulator, 2006

Books

The Charity Trustee's Handbook

Mike Eastwood: Directory of Social Change, 2001

Synopsis: This handbook offers clear and practical guidance for trustees of voluntary organizations. It offers basic information about the responsibilities of trustee boards, and straightforward advice on planning, getting funding, and management.

Voluntary But Not Amateur: A guide to the law (7th edition)

Ruth Hayes & Jacki Reason: London Voluntary Service Council, , March 2009. £35

Charitable Status: A practical handbook

Andrew Phillips: Directory of Social Change, 6th edition, May 2008. £14.95

The Good Trustee Guide: Resource Organiser for Members of Governing Bodies of Unincorporated Charities and Charitable Companies (Good Guide Series)

Edited by Peter Dyer: NCVO Publications, 5th edition, October 2008, £25

Book Description: Ideal as an introductory pack for new committee members or as a 'refresher' for long-serving trustees. The Good Trustee Guide contains vital information and advice on trusteeship, including the legal and financial responsibilities and management duties of trustees, plus practical action checklists. Designed to be a versatile, working document, The Good Trustee Guide is produced in a ring binder format to enable you to add your own organisational information. There is also a comprehensive further reading section and a detailed listing of useful names and addresses.

The ICSA Charity Trustee's Guide

Jane Arnott: ICSA Publishing Ltd (Institute of Chartered Secretaries & Administrators), June 2003

Publisher's Synopsis: Written in a clear no-nonsense style, this guide provides quick and easy access to essential information on regulation and best practice in, for example, trustee recruitment and responsibilities, governance, board structure and functions, financial issues (including fundraising) and trustee-staff relations. Sources of further help and advice such as the relevant press and websites are listed in a comprehensive directory section.

The Charity Treasurer's Handbook

Gareth Morgan: Directory of Social Change, 2nd edition, April 2008. £14.95

A Practical Guide to Charity Accounting (2nd edition)

Kate Sayer: Directory of Social Change, 2003 £18.95

A Practical Guide to Financial Management for Charities (3rd edition)

Kate Sayer: Directory of Social Change, 2007 £24.95

TEMPLATE GOVERNING DOCUMENT FOR AREA MEETINGS

approved by the Charity Commission, March 2008

The Religious Society Of Friends (Quakers) In Britain

X Area Quaker Meeting

Governing Document

Adopted on theday of20 ... by Minute of X Area Quaker Meeting

Definitions

- i) The Religious Society of Friends (Quakers) in Britain refers to the church in Britain, the Channel Islands and the Isle of Man, in its entirety, including all its local meetings for worship and its constituent meetings for church affairs, as well as all their work. It is referred to below as the Religious Society.
- ii) Britain Yearly Meeting of the Religious Society of Friends (Quakers) refers to the centrally held and managed policy, property, employment and work of the Religious Society. It is referred to below as Britain Yearly Meeting.
- iii) Meeting for Sufferings is the standing representative body entrusted with the general care of matters affecting the Religious Society of Friends (Quakers) in Britain.
- iv) Area Quaker Meetings are the main local meetings for church affairs. They are the level of the Religious Society at which individual membership is held. Each Area Quaker Meeting is a separate charitable entity and may be registered as such with the Charity Commission.
- v) The charity constituted by this document is X Area Quaker Meeting of the Religious Society of Friends (Quakers) in Britain [referred to below as X Area Meeting or the area meeting and formerly and also known as X Monthly Meeting].
- vi) The current edition of the Book of Christian Discipline of the Religious Society of Friends (Quakers) in Britain is *Quaker faith & practice* (London, 2005) (referred to below as the Book of Christian Discipline).
- vii) The term Friend refers to a member of the Religious Society.
- viii) The term Attender refers to a person who is not a member of the Religious Society but who regularly attends its meetings for worship.

1. Governing Document

X Area Quaker Meeting and its property shall be administered and managed in accordance with the provisions in this governing document. Further guidance is contained in the Book of Christian Discipline of the Religious Society of Friends (Quakers) in Britain.

2. Name

The name of the charitable body constituted by this document is **X** Area Quaker Meeting of the Religious Society of Friends (Quakers) in Britain (abbreviated as **X** Area Meeting).

3. Object

The object of **X** Area Meeting is the furtherance of the general religious and charitable purposes of the Religious Society of Friends (Quakers) in Britain in the area of **X** Area Meeting and beyond.

4. Administration

Subject to the matters set out below the property of **X** Area Meeting shall be administered in accordance with this governing document by the trustees constituted by Clause 13.

5. Application of the Income and Property

Within **X** Area Meeting, income and property are used to further the area meeting's object by work such as:

- i) strengthening the life and witness of Quaker meetings both in the area of **X** Area Meeting and beyond;
- ii) spreading the message of Quakers and interpreting and developing the thought and practice of the Religious Society;
- iii) undertaking Quaker service for the relief of suffering at home and abroad;
- iv) funding the concerns that Quaker meetings in the area of **X** Area Meeting or beyond have adopted or agreed to support;
- v) providing for the pastoral care of individual members and Attenders including assistance to those in need and for education;
- vi) maintaining and developing Quaker meeting houses as places for public worship and from which to carry our witness into the world;
- vii) administering and maintaining the organisation of **X** Area Meeting and contributing to the support of Britain Yearly Meeting.

6. Dissolution

If at a meeting of **X** Area Meeting the members decide that it is necessary or advisable to dissolve the area meeting or to amalgamate with another area meeting and this is agreed by Meeting for Sufferings, the trustees shall have the power to realise any assets held by or on behalf of the area meeting. Any assets remaining after the satisfaction of any proper debts and liabilities shall, with the agreement of Meeting for Sufferings, be given or transferred to another Area Meeting, to Britain Yearly Meeting, or to some other charitable institution or institutions having objects similar to that of the area meeting, and failing that for such other charitable purpose as Britain Yearly Meeting shall direct.

7. Amendments

- i) Amendments to this governing document shall be agreed by **X** Area Meeting in session and recorded by minute of the area meeting.
- ii) No amendment may be made that affects the object of the area meeting (Clause 3) or the benefits to trustees (Clause 16) without the prior written consent of the Charity Commission, nor may the charitable status of the area meeting be affected.

8. Membership

- i) The membership of anyone in **X** Area Meeting begins when a record to this effect is made in the minutes of **X** Area Meeting.
- ii) **X** Area Meeting shall maintain an official register of members and shall appoint a suitable member to have care of it. No alteration shall be made to the register save in accordance with decisions minuted by **X** Area Meeting.

9. Termination of Membership

- i) The membership of anyone shall cease when a record to this effect is made in the minutes of **X** Area Meeting.
- ii) If a member is dissatisfied with a final decision of the area meeting affecting her or him, the member may appeal in writing against the decision in accordance with Britain Yearly Meeting's appeals process.

10. Meetings for Church Affairs

Meetings for church affairs, in which the Religious Society conducts its business, are meetings for worship based on silence, carrying the expectation that God's guidance can be discerned if members are truly listening together and to each other. The unity that is sought depends on the willingness of all to seek the truth in each other's utterances. There is no voting in the meetings, because the Religious Society believes that this would emphasise the divisions between differing views and inhibit the process of seeking to know the right way forward, the will of God as expressed in the sense of the meeting.

The clerk of the meeting bears the final responsibility for preparing the business, conducting the meeting and drafting the minutes of the meeting. Minutes are drafted by the clerk during the course of the meeting, but the final decision about whether the minute represents the sense of the meeting is the responsibility of the meeting itself, not of the clerk.

- i) **X** Area Meeting shall meet at such frequency, times and places as the meeting itself shall direct. The clerk may arrange for a special area meeting to be held if necessary.
- ii) The sessions of area meeting are open to all members of the area meeting.
- iii) The business and activities of the area meeting shall at all times be conducted in accordance with the provisions of the current edition of the Book of Christian Discipline.
- iv) It shall be the duty of the area meeting in session to appoint an auditor or independent examiner of the area meeting accounts.

11. Constituent Meetings

- i) **X** Area Meeting includes all constituent local meetings contained within its area, as listed in the accompanying schedule.
- ii) Arrangements for the establishment, running or dissolution of such constituent meetings shall be in accordance with the Book of Christian Discipline.

12. Appointments

- i) The area meeting shall appoint a clerk, assistant clerk, treasurer, registering officer and nominations committee who shall be members of the Religious Society.
- ii) The appointments shall be made for a fixed term, generally not more than three years. Only in exceptional circumstances shall an appointee remain continuously in post for more than six years.

13. Trustees

- i) The area meeting shall appoint Friends, normally from its own membership, to act as a body of trustees ordinarily containing not fewer than five or more than fifteen persons.
- ii) The trustees shall, so far as practicable, include the area meeting treasurer and representatives of each meeting contained within the area meeting, but not the clerk of the area meeting, nor any employee of the area meeting.
- iii) One trustee, but not the area meeting treasurer, shall be appointed by area meeting in session to act as clerk to the trustees.
- iv) The appointments shall be reviewed at intervals not exceeding three years. A trustee can be reappointed on no more than two occasions to give an unbroken term of service as a trustee of the area meeting not exceeding nine years. That person cannot then be reappointed as a trustee of that area meeting until three years have elapsed after the end of the last period of service in that capacity.

14. Eligibility, disqualification and removal of Trustees

A member who is appointed to act as a trustee may hold office until he or she

- i) notifies to the clerk of the area meeting a wish to be released from service as a trustee;
- ii) ceases to be a member of **X** Area Meeting;
- iii) is determined by the area meeting to no longer be a fit or suitable person to carry out the duties of a trustee;
- iv) is believed by the area meeting to have become incapable by reason of mental disorder, illness or injury of managing and administering his or her own affairs;
- v) comes to the end of his or her term of service.

Removal of a trustee under the terms of (iii) or (iv) above shall require a decision of the area meeting. An individual trustee may make an appeal against such a decision in accordance with Britain Yearly Meeting's appeal process.

Members of the Religious Society who are legally ineligible to act or who are disqualified from acting as trustees shall not be able so to act nor continue so to act.

Release of a trustee from office shall be recorded by minute of the area meeting.

15 Powers of Trustees

The Trustees shall have the following powers, in exercise of which they shall at all times be guided by the Book of Christian Discipline of the Religious Society of Friends (Quakers) in Britain:

- i) To raise funds from contributions; from legacies; from grants and other sources outside the area meeting; from investments and the use of assets; and from the sale of goods or services provided in furtherance of the area meeting's object;
- ii) To buy, lease or acquire property, and to sell, grant a lease or dispose of property, subject to the terms of Clause 17 (vii) below;
- iii) To borrow money and to give security for loans (but only in accordance with the restrictions imposed by the Charities Act 1993 as amended from time to time);
- iv) To set aside income as a reserve;
- v) To make investments in accordance with legal constraints and the ethical testimonies of the Religious Society;
- vi) To co-operate with other charities or to enter into partnerships;
- vii) To establish or support trusts or institutions formed for charitable purposes within **X** Area Meeting's object;
- viii) To employ staff;
- ix) To pay pensions;
- x) To obtain and pay for goods and services;
- xi) To reimburse reasonable expenses, including those of the trustees, incurred when acting on behalf of **X** Area Meeting.
- xii) To open and operate bank accounts;
- xiii) To effect insurance;
- xiv) To insure themselves against the costs of a successful defence to a criminal prosecution brought against them as charity trustees or against personal liability incurred in respect of any act or omission which is or is alleged to be in breach of trust or breach of duty;
- xv) To delegate their powers or functions as set out in Clause 18, below;
- xvi) To establish committees or working groups for carrying out agreed programmes of work;

- xvii) To authorise any of the area meeting's constituent meetings or committees to open a bank account and to appoint signatories; such action to be recorded by minute of the constituent meeting or committee and reported without delay to the trustees;
- xviii) To do any other lawful thing that is necessary or desirable for the achievement of the object of the area meeting.

16. Trustees not to be personally interested

- i) Subject to the provisions of sub-clause (ii) of this clause, and subject to sub-clause 15 (xiv), no trustee shall acquire any interest in property belonging to the area meeting (otherwise than as a trustee) or receive remuneration or be interested (otherwise than as a trustee) in any contract entered into by the trustees.
- ii) Any trustee for the time being, who possesses specialist skills or knowledge, may charge and be paid reasonable fees for business done by her or him or her or his firm when instructed by the other trustees to act on behalf of the area meeting, provided that at no time shall a majority of the trustees benefit under this provision, and that a trustee shall withdraw from any meeting at which her or his own instruction or remuneration, or that of her or his firm, is under discussion.

17. Meetings and proceedings of the trustees

- i) Trustees shall conduct their meetings according to the Quaker business method as described in the Book of Christian Discipline.
- ii) The trustees shall hold at least two meetings each year. A special meeting of the trustees may be called at any time by the clerk to the trustees or by any two trustees upon not less than four days' notice being given to the other trustees of the matters to be discussed. This period of notice may be waived with the consent of all trustees.
- iii) If the clerk to the trustees is absent from any meeting, the trustees present shall choose one of their number to be clerk at that meeting before any business is transacted.
- iv) An effective working strength of the trustee body, normally represented by at least half of the trustees for the time being, should be present for decisions to be made in right ordering.
- v) Minutes are to be made in the meeting and accepted and signed in accordance with Quaker business method as set out in the Book of Christian Discipline. The trustees shall keep minutes of the proceedings at meetings of the trustees and of any sub-committee.
- vi) The trustees may from time to time make and alter arrangements for the conduct of their business, the summoning and conduct of their meetings and the custody of documents. No rule may be made which is inconsistent with this governing document.
- vii) The trustees shall report to **X** Area Meeting at least once a year. They shall also refer to the area meeting in session any major decisions such as those involving the acquisition, disposal or major alteration of land or buildings.

18. Power of Trustees to delegate

- i) The trustees may delegate any of their powers or functions to a committee including two or more trustees but the terms of any such delegation must be recorded by minute.
- ii) The trustees may impose conditions when delegating, including the conditions that:
 - a) the relevant powers are to be exercised exclusively by the committee to which they are delegated;
 - b) no expenditure may be incurred except in accordance with a budget previously agreed with the trustees.
- iii) The trustees may revoke or alter a delegation.
- iv) All acts and proceedings of any such committee must be fully and promptly reported to the trustees.

19. Annual Report and Accounts

- i) The trustees shall ensure that an annual report and statement of accounts for **X** Area Meeting (including the meetings it contains) is prepared in compliance with current charities legislation.
- ii) The report and statement of accounts must be presented to area meeting in session for consideration and acceptance, not later than eight months after the end of the financial year.
- iii) The trustees shall submit an appropriate annual return to the Charity Commission in compliance with current legislation.

20. Income and Expenditure

- i) The money of **X** Area Meeting shall be safeguarded by depositing in a bank account. The bank account or accounts shall be held in the name of **X** Area Meeting or in the name of any of the meetings or committees contained within the area meeting and not in the name of any individual.
- ii) The funds belonging to **X** Area Meeting shall be applied only in furthering the object of **X** Area Meeting as defined in Clause 3, above.

21. Property and investments

- i) Ordinarily the trustees shall cause the title of all real property and investments held by or in trust for **X** Area Meeting to be held in the name of Friends Trusts Limited as custodian trustee.
- ii) If the trustees decide to use a separate nominee to hold investments, they must apply to the Charity Commission for an Order discharging Friends Trusts Limited from its custodian trusteeship and vesting all land in Friends Trusts Limited as the nominee while granting it the same level of protection as it would enjoy under the provisions of Section 4(2) of the Public Trustee Act 1906, as if it were acting as custodian trustee.
- iii) It is the responsibility of trustees to insure all property, including buildings and contents, for replacement values which shall be reviewed regularly. It is also the trustees' responsibility to maintain in force all appropriate liability insurances, including employer's, occupier's and public liability.

Signed: Clerk of **X** Area Meeting

and one of the following:

..... Assistant Clerk of **X** Area Meeting

..... Clerk of Trustees of **X** Area Meeting

..... Treasurer of **X** Area Meeting