



Handbook for trustees of Quaker meetings

Quaker Stewardship Committee

2014

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www.quaker.org.uk/qsc

Contents

Abbreviations

Section 1. Introduction

- 1.1 Who should read this Handbook?
- 1.2 Background to the Handbook's preparation
- 1.3 Embarking on trusteeship
- 1.4 Trust in Quaker trusteeship

Section 2. Charity law and trusteeship

- 2.1 A fundamental principle: What is a charitable trust?
- 2.2 The advancement of religion is a 'charitable purpose'
- 2.3 The charitable purposes of the Religious Society of Friends
- 2.4 Charitable registration
- 2.5 Charitable regulation
- 2.6 Connected trusts

Section 3. Powers and responsibilities of trustees

- 3.1 Overall position
- 3.2 Charity law
- 3.3 Good governance
- 3.4 Liabilities of trustees

Section 4. Serving as a trustee

- 4.1 Terms of reference
- 4.2 Who should serve as trustees?
- 4.3 Training and induction
- 4.4 Disqualification from holding office as a trustee
- 4.5 The area meeting clerk
- 4.6 Difficulty in finding trustees
- 4.7 A quorum at meetings
- 4.8 Trustees' conflicts of interest
- 4.9 Using a 'disclosure of interests' declaration
- 4.10 Paying trustees or other members of the meeting to undertake work

Section 5. Trustees and the meeting

- 5.1 Right ordering
- 5.2 Managing conflicts between a meeting and its trustees
- 5.3 Relationship between area meeting and constituent meetings
- 5.4 Memorandum of understanding – an example

Section 6. Legal status

- 6.1 Whether to be incorporated or not

Continued overleaf...

- 6.2 A governing document for area meetings
- 6.3 Keeping governing documents up to date
- 6.4 Friends Trusts Ltd

Section 7. Financial aspects

- 7.1 The treasurer as a trustee
- 7.2 Financial responsibilities
- 7.3 Fundraising
- 7.4 Using funds for Quaker and non-Quaker purposes
- 7.5 Concerns for the trustees
- 7.6 Investment and reserves policies

Section 8: Trustees' annual report and accounts

- 8.1 Why prepare an annual report?
- 8.2 Report outline
- 8.3 Whose report is it?
- 8.4 An opportunity?
- 8.5 Annual accounts: independent examination or audit
- 8.6 Signing off the annual report and accounts

Section 9: Useful sources of information

- 9.1 Quaker sources
- 9.2 General information

Appendix 1

Guidance for good governance: a checklist for area meetings (QSC, April 2011)

Appendix 2

Terms of reference

Appendix 3

Register of trustees' interests: disclosure form

Guidance notes

Appendix 4

Memorandum of understanding

Appendix 5

Financial Management Return

Abbreviations

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
NCVO	National Council for Voluntary Organisations
OEIC	Open-Ended Investment Company
OSCR	Office of the Scottish Charity Regulator
<i>Qf&p</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 fifth edition, 2013. The current version is also available online at www.quaker.org.uk/qfp.

Warning: This Handbook has been prepared by Friends with experience in the relevant fields, not by experts. Use of this book is not a substitute for obtaining independent professional advice. It is also advisable to consult original sources of information if there is doubt about any aspect.

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 the exercise of trusteeship in area meetings but Friends may find it useful in other contexts.

It is not intended as a definitive guide, nor is the content meant to be prescriptive. It 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

Yearly Meeting in 2005 considered the RECAST report. (RECAST stood for Responsibility, Communication and Accountability in our Structures.) This led to the governance of the Society being enhanced and roles clarified. Britain Yearly Meeting and area meetings appointed their own trustees, freeing from those roles Meeting for Sufferings in Britain Yearly Meeting and meetings for church affairs in area meetings.

Our deliberations paralleled a broader debate in society 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, including the removal of excepted status from religious charities.

Formerly excepted religious charities in England and Wales with an annual income of £100,000 or more have had to register with the Charity Commission. (Those with an annual income under £100,000 a year do not have to register yet; it is likely that this will be necessary by 2019.)

About half of area meetings in England and Wales have already had to register as charities. Those in Scotland registered in the 1990s. The need for registration in England and Wales caused Friends to look anew at their long-standing structures of governance. While the concept of trusteeship is fundamental to charity governance in the secular world, Friends have not found it easy to reconcile the conventional view with 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 with both good practice and with legal requirements. *Quaker faith & practice* gives the background:

14.01 A fundamental principle of this part of our church governance is corporate integrity. All Friends share responsibility for upholding this principle. At every level Friends, personally and corporately, must be seen to be above reproach in our handling of finance and property.

Chapter 14 deals with the general issues of stewardship of all our assets which are held in trust, by all Friends, for now and for the future. How we handle them is an important part of our religious witness.

During Friends' service as trustees they hold additional specific and personal responsibilities; these are described in Chapter 15.

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 9) that provide guidance about the legal aspects and implications of being a trustee. This Handbook provides a general overview but there are other sources that give more detailed information. As individuals we all have legal responsibilities and this aspect of trusteeship should not cause Friends undue anxiety.

The Charity Commission website (www.charity-commission.gov.uk) has a number of helpful leaflets, which you can search for on the homepage using the leaflet number. An excellent general leaflet is 'The Essential Trustee: what you need to know' (booklet CC3). There is also a simplified easy-read guide 'Being a trustee', which tells you the main things you need to know about being a trustee (www.charitycommission.gov.uk/media/94167/cc3_easy.pdf).

Documentation from OSCR Guidance for Charity Trustees, produced by the Office of the Scottish Charity Regulator (OSCR: www.oscr.org.uk), gives the Scottish context. General advice can also be found on the website of the National Council for Voluntary Organisations (NCVO: www.ncvo-vol.org.uk/advice-support).

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

1.4 Trust in Quaker trusteeship



“... making minutes more widely available...”

One session at Yearly Meeting held in London in May 2013, was on 'Trust in Quaker Trusteeship'. The minute was:

'We have continued our consideration of what it means to be a Quaker today by focusing on Quaker Trusteeship. We have been reminded that our spiritual journey is about living in the world and wrestling with the tensions between living out the testimonies and dealing with practical, financial and property matters. The real test of our faith is whether we can connect with the spirit in the mess of our daily lives.

Having bodies of named trustees is therefore not about giving all the power to a small group but making sure that all the difficult work gets done. Nor should we be surprised if mistakes are made, as this is where we as individuals fail as well. Both trustees and meetings need to hold each other in the light and above all to keep the lines of communication live and vibrant. We all belong to the same worshipping community, we are all working together and it is the same spirit that leads us.

Community is two way. Trustees need to empower other Friends to ask questions, perhaps by making minutes more widely available, and other Friends need to talk to trustees and ask for information. This openness will in turn support trustees in their work. God has placed trust in us. We need to honour that trust in moving forward together to build the Kingdom.'

Section 2. Charity law and trusteeship

2.1 A fundamental principle: 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 trustees who take responsibility for its affairs.

2.2 The advancement of religion is a 'charitable purpose'

Under the Charities Act 2011 (which replaced most of the 1992, 1993 and 2006 Acts for England and Wales – see below for information about the equivalent Scottish legislation) 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 charitable, they must fall within at least one of the categories defined by the 2011 Act. One of these is

the advancement of religion which includes a religion which involves belief in more than one god, and a religion which does not involve belief in a god.

The Charity Commission has issued guidance (go to www.charitycommission.gov.uk and then search for 'the advancement of religion') about the interpretation of this charitable purpose. 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.

In Scotland, the situation is broadly similar though the relevant legislation is the Charities and Trustee Investment (Scotland) Act 2005 together with the Charities Accounts (Scotland) Regulations 2006.

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 Quaker witness of the meeting and to be covered by the meeting's own charitable status.

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

2.3 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 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 our Book of Christian Discipline, *Quaker faith & practice*. This objective might be achieved through 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.

2.4 Charitable registration

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 have always been subject to charities legislation. However, under the Charities Act, 1993 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 Area 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, in Scotland, to OSCR).

On the advice of the Quaker Stewardship Committee (QSC), Yearly Meeting took the decision in 2005 that the central work of the Society should be registered as one charity, with separate registration of other meetings. QSC recommended that each area meeting should register (rather than local meetings), with additional registration of regional meetings to cover their separate activities, where this is required by law.

Those area meetings in England and Wales with an annual income of over £100,000, and

all those in Scotland, have now registered. When any others have to register, reference should be made to the information on our website at www.quaker.org.uk/charitable-registration.

2.5 Charitable regulation

The advancement of religion implies far more than holding meetings for worship or church services. It has long been recognised that 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. In return, there is an attendant regulation of charities in order to protect the public interest. An example of this is the requirement laid upon all charities, whether registered or not, to prepare reports and accounts every year in accordance with the Charity Commission's Statement of Recommended Practice (2005), which applies to charities in England, Wales and Scotland, and to make these available to the general public. The Statement of Recommended Practice (SORP) can be accessed at <http://bit.ly/1kW6zuG> and <http://bit.ly/1fTFRGQ>.

SORP 2005 is due to be revised during 2014.

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. It is the role of the Charity Commission and OSCR to help charities to achieve their purposes effectively, rather than to interfere in the way that the charity works. They 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 money 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.

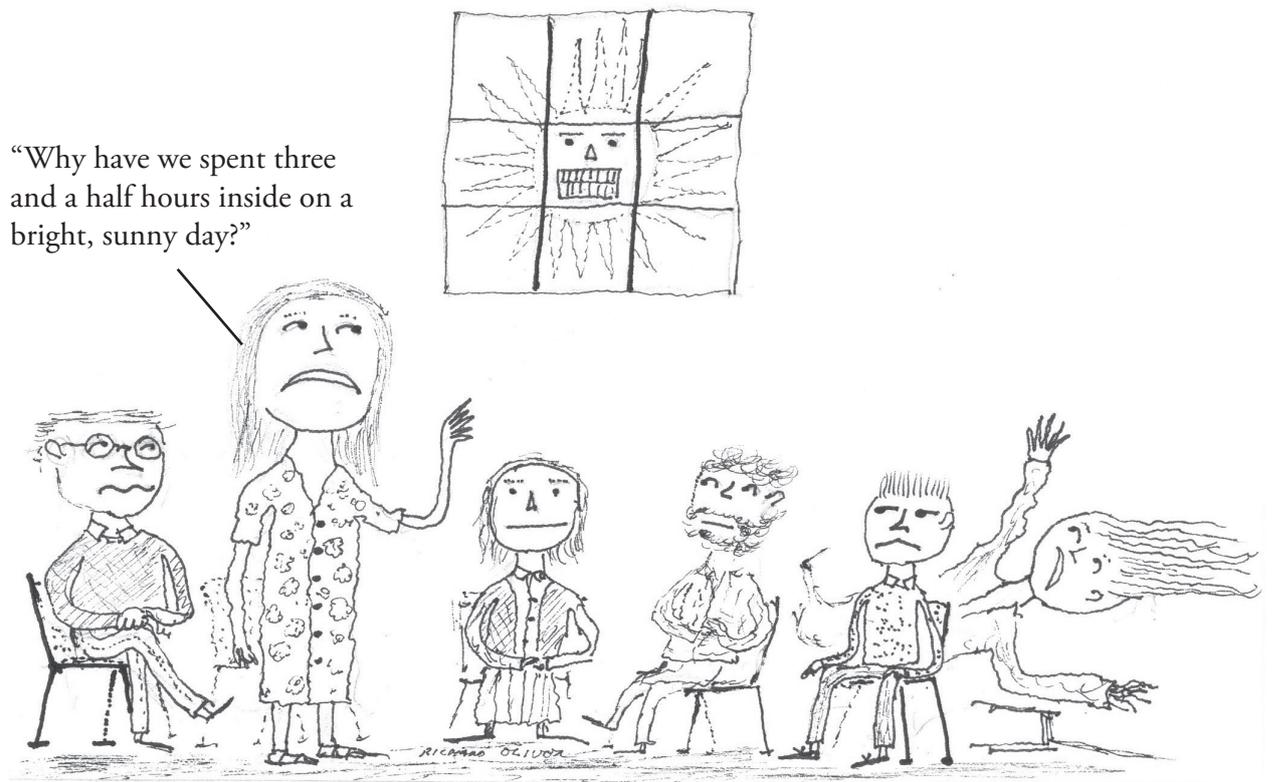
2.6 Connected trusts

Sometimes an area meeting has funds for which it is responsible, which are held on specific trusts, normally reflecting the terms laid down by the person who originally gave these funds. These are shown in the area meeting accounts as restricted funds. Meeting Houses and other properties owned by an area meeting are also sometimes held on specific trusts, for instance stipulating that a building should only be used as a Meeting House. These properties should also be treated as restricted funds.

As part of the registration process, the Charity Commission has been agreeing schemes

with area meetings, setting out all their various funds and sometimes bringing the trusts of them up to date. This frequently results in greater clarity and simplicity. In time this process will be necessary for all area meetings, even those which do not have to register as yet.

Section 3. Powers and responsibilities of trustees



“... They are not afraid to ask awkward questions...”

3.1 Overall position

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. Trustees ensure that the meeting and all its assets are administered in the interest of current, potential and future beneficiaries. Much of the work of trustees therefore involves finance and property.

However, the concept of trusteeship is wider than that: 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 ensure that things are being done properly – they are not afraid to ask awkward questions.

The 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.

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).

Trustees 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.

3.2 Charity law

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;
- ensure that all appointments to remunerated positions are made in compliance with good employment and equal opportunities principles.

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

3.3 Good governance

All decisions of the trustees should be taken jointly in a spirit of worship, and should be recorded by minute during the meeting. Trustees hold a special position of responsibility within the meeting and this requires that they should:

- be aware of the concerns of the meeting
- always act with probity and due prudence, and seek professional advice on any matter on which they do not themselves have expertise
- ensure that employed staff are properly overseen
- ensure proper minutes are kept, and records of contracts and other commitments are maintained
- 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
- as a general rule 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).

- avoid conflict of interest between themselves, their families and friends, and the meeting. If exceptional circumstances justify a trustee or their 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 (see 4.8 below on conflicts of interest)
- ensure that there is no 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. If it is suggested that a trustee should provide professional services to the meeting, whether paid for or not, this must be thought through very carefully (see 4.10 below).
- 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
- ensure that all orders, contracts, and commitments are made in the name of and on behalf of the meeting, and not in the name of individuals
- when entering into contracts and other commitments on behalf of the meeting, ensure that adequate resources 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.

There are many aspects to good governance. QSC has developed a checklist for guidance. See Appendix 1.

3.4 Liabilities of trustees

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

This does sometimes happen. 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. 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) has clear and straightforward advice concerning trustee liability, with examples illustrating these points. Advice is also available on the OSCR website at www.oscr.org.uk/publications-and-guidance/guidance-for-charity-trustees.

However trustees should be aware that if, alone or with other trustees, they act negligently or recklessly, or in such a way as to commit a breach of trust, they may be liable to make good any resultant loss to the meeting.

A summary of the main types of trustee liability is given below. It is unlikely that any conscientious trustee would break 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 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). In an unincorporated association 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. However, if the charity is an incorporated body, the trustees are not personally liable in this way (see 6.1 below).

(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
- Health and safety
- Use of land
- Protection of children and vulnerable adults
- The supply of food and drink
- Planning regulations
- Employment
- Trade descriptions
- 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. Search for ‘vicarious liability’ on the Charity Commission website (www.charitycommission.gov.uk) for more information.

Section 4. Serving as a trustee

4.1 Terms of reference

Meetings should agree terms of reference for their trustees. Terms of reference are a list of what the trustees are allowed to do and what responsibilities they hold on behalf of the meeting. This document should be agreed by area meeting in session and sets out the functions and responsibilities of the trustee group and how the trustees will work.

Terms of reference can be revised periodically by the area meeting in session 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.

An example of terms of reference is given in Appendix 2. They are based on a set developed by one area meeting when it was reviewing the terms of reference in association with its governing document, 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 Area Meeting (available online at www.quaker.org.uk/right-ordering-handbook).

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 be provided with an induction pack (see below). They should also sign and deposit with the clerk of trustees:

- a. 'Fit and Proper Person' declaration (www.hmrc.gov.uk/charities/guidance-notes/chapter2/model-dec-ff-persons.pdf), which includes declaring that the appointee is not disqualified from acting as a charity trustee, as further described below
- b. 'Disclosure of interests' form (see 4.9 below).

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.

4.2 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: the only qualification required is to be a conscientious citizen.

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 local meetings need to be well understood. Clearly any large local meeting 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 local meeting 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 given the responsibilities held by the group. 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.

4.3 Training and induction

New trustees may need training to help them understand their role and its responsibilities. Woodbrooke Quaker Study Centre offers trusteeship training courses for Quaker trustees. Trustees as a body should consider training for new trustees and take effective steps for its provision if necessary.

Besides a general familiarity with trusteeship, the new appointee will need documents both for guidance and to inform them of the specifics of the area meeting. They should also be offered an opportunity to meet an experienced trustee of the area meeting to discuss any questions.

A document pack for new trustees might include the following (documents in square brackets in this list need not be seen as essential):

- This list, with its links to some further recommended material
- Agenda for the first meeting
- Minutes of last year's meetings
- Governing document of the area meeting
- Trustees' terms of reference
- Memorandum (or memoranda) of understanding
- Reference to BYM's trustee support online: *Handbook for trustees of Quaker meetings* (www.quaker.org.uk/qsc) and *Trustees' Bulletin* (www.quaker.org.uk/trustees-bulletins).
- List of trustees with contact details
- Latest trustees' report to the area meeting

- Latest area meeting report and accounts
- List of properties, area meeting caretaking arrangements, etc.
- Reference to relevant documents online, particularly the Charity Commission's easy read guidance CC3 'Being a trustee' (see 1.3)
- [*General introduction to Trusts and Trusteeship*, Quaker Finance & Property, 2003
- Luton & Leighton Area Meeting's 'Right Ordering' document (www.quaker.org.uk/right-ordering-handbook)]

4.4 Disqualification from holding office as a trustee

Trustees must be age 18 or over. Section 72 of the Charities Act 1993 states that 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 2011 Act, and are broadly the same under Scottish charities legislation. More information is available from the relevant legislation, 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.

4.5 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 a very difficult decision.

Nevertheless it is 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 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 they or the trustees, feel it would be helpful.

If the meeting has a clerking team, one possibility is that one member of the team could 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 at 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.

4.6 Difficulty in finding trustees

What happens if it is hard to find individuals willing to serve as trustees? Before the appointment of named individuals as trustees, the various tasks associated with trusteeship were generally being undertaken within a Finance and Property Committee. The sort of Friends that used to be appointed to such a committee are likely to be suitable 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.

4.7 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 usually 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 14) suggests 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 important that diverse opinions should be heard, that decisions are not reached unless full information is available, and that 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.

4.8 Trustees' 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.

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

It is impossible to completely 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.

4.9 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. 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 Appendix 3.

4.10 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 their own employment is being discussed, with proper tendering processes 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 not only to those who are trustees, but also to the employment of other members of the meeting. They fall under four major headings and should always be considered by trustees when undertaking any significant project for the meeting.

1. **Impartiality:** No contract of employment should be concluded without a competitive application or tendering process. But who should assess the tenders, or interview those submitting applications or 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 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 individual if they wish subsequently to donate some of that back to the meeting as a gift. In addition, trustees have “inside knowledge” about jobs to be undertaken and they should not exploit that position when bidding against external competitors.

Potential conflicts of interest arise in trustee work and can lead to ill feeling or even, if not properly handled, to breach of legal duty. Trustees need to be sensitive and thorough in dealing with them. Conflict of interest is a risk, and if a risk can easily be avoided it should be. Dealing with the difficulties that might otherwise arise later 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.

Section 5. Trustees and the meeting

5.1 Right ordering

The legal approach set out in section 3, with its implications of control and power residing in the trustee body, can cause anxiety to some Friends. 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 through bringing major issues to the meeting to obtain guidance before taking decisions.

Chapter 15 of *Quaker faith & practice* as approved by Yearly Meeting 2010 well describes the role of the trustees as stewards of the meeting. 15.02 states:

As members of the Religious Society of Friends we are all called upon to exercise stewardship over the Society’s resources. This is stewardship in its widest sense: ensuring that money and buildings are used wisely and well; that business decisions are taken in right ordering; that all within a meeting, both its members and its employees, are supported and helped to play a full role in the Society’s affairs; that the meeting’s children are cared for and nurtured; that eldership and oversight flourish.



“... ensuring that money and buildings are used wisely and well...”

We are all called to participate in building a responsible and caring community. As with elders and overseers, clerks and treasurers, some will be asked to take on a special care for this stewardship for a number of years, acting as trustees of our meetings. They take this role for a period, then relinquish this service to others.

5.2 Managing conflicts between a meeting and its trustees

Friends sometimes worry about the possibility of conflict between trustees and their meetings, citing a variety of potential areas of difficulty, perhaps involving the 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. 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.

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 honestly 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. How trustees exercise this responsibility will depend on local circumstances.

Quaker faith & practice 4.33, 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 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 local meetings 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 local meetings.

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 local meeting's responsibilities for financial and property matters, the setting up of the local meeting'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 cover some of the topics relating to finance and property that might be included.

5.4 Memorandum of understanding – an example

Appendix 4 contains 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.

Section 6. Legal status

6.1 Whether to be incorporated or not

All area meetings were originally unincorporated bodies, which meant that ultimately trustees could be personally liable for the meeting's debts. However, consideration of the issues surrounding registration, adopting a governing document and identifying certain Friends as trustees, has made some area meetings consider whether, as an alternative, they should become an incorporated body to give them the advantage of limited liability for trustees and a further level of financial protection.

Three area meetings decided to become companies limited by guarantee at the time of registration as a charity, as did Six Weeks Meeting, the body which owns most of the meeting houses of Quaker Meetings in London, which formed London Quakers Property Trust. Each of these bodies had to adopt a Memorandum and Articles of Association, the normal form of which contained many clauses about annual general meetings, voting and proxies, which did not accord with Quaker business method.

In 2013, after several years of consideration, a new form of corporate body was introduced. This is a charitable incorporated organisation (CIO), which will be monitored by the Charity Commission alone and, unlike companies limited by guarantee, will not require compliance with company law or the rendering of returns and accounts to Companies House. The Scottish equivalent, a Scottish Charitable Incorporated Organisation (SCIO), is monitored by OSCR.

QSC has produced a paper for area meetings that might consider converting to CIO or SCIO status, setting out the advantages and disadvantages. This paper is available online at www.quaker.org.uk/cio.

6.2 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.

The current version of the governing document for area meetings, adopted by Yearly Meeting 2006, has been approved by the Charity Commission. It is aimed at unincorporated bodies, and has largely been adopted 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. The version for area meetings in England and Wales can be downloaded from the Quaker website and there is also there a commentary on the document, indicating the sources of the material, and places where area meetings may wish to seek alternative wording.

The governing document reflects *Quaker faith & practice* and also includes other topics normally covered by such documents.

It is hoped that a form of governing document for CIOs, based, as far as possible, on that adopted by Yearly Meeting for unincorporated bodies, will be agreed with the Charity Commission. If and when it has been, it will be possible to download it from the Quaker website.

6.3 Keeping governing documents up to date

“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 led by the Spirit.

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 that is contrary to charity law. The Charity Commission or OSCR, as appropriate, will advise whether its 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 QSC first, in case there are implications for other meetings, or for the governance of Britain Yearly Meeting itself.

6.4 Friends Trusts Ltd

Friends Trusts Ltd (FTL) is a Quaker charity originally set up in 1923. One of its main purposes is to act as a custodian trustee or nominee on behalf of Quaker charities in England and Wales, including meetings, so that the charity’s land or investments could be registered in the name of FTL, rather than in the name of individual trustees or members of the meeting. (This would have necessitated a transfer of the asset every time there was a change or death of a trustee.) All responsibility still remains with the meeting and its trustees, not FTL.

FTL still holds the land belonging to most area meetings in England and Wales in its name, though some have arranged for their investments to be held by their stockbrokers. Those area meetings that are now incorporated have the option of putting land and investments in the name of the meeting itself. That option will also apply to any meetings that become CIOs (see section 6.1).

Section 7. Financial aspects

7.1 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.

7.2 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 money that is 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 identified 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 money 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.

7.3 Fundraising

Meetings raise ‘funds’ (money) 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 money for non-charitable 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.

The Charity Commission and the OSCR permit 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. Please consult the Charity Commission leaflet CC20 ‘Charities and fundraising’ or the information on the OSCR website at www.oscr.org.uk/managing-your-charity/fundraising/. Similarly, care should be taken to ensure that the rules are followed whenever any external fundraiser might be employed.

7.4 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 funding 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 money can be given to a charity 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.

7.5 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).

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 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.

Trustees must be aware of the consequences of their actions and decide what action it is right to take. They will be aware that early Friends were not afraid to speak out and, if necessary, to break the law.

As a 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 cannot be left without the minimum number of trustees specified within its governing document.

7.6 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 (www.charitycommission.gov.uk; see CC14: 'Charities and investment matters: a guide for trustees CC14'). Advice for Scottish charities is available in 'Guidance for charity trustees' at www.oscr.org.uk/managing-your-charity/trustee-duties.

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 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.

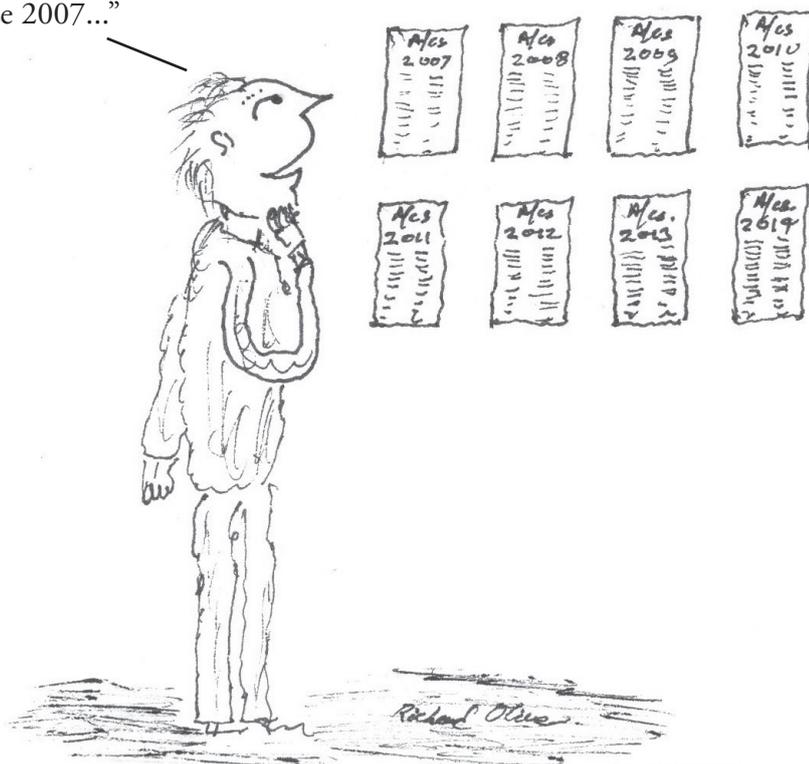
Section 8: Trustees' annual report and accounts

8.1 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 requirements are summarised in the Charity Commission publication CC15b (search 'CC15b' at www.charitycommission.gov.uk). Further guidance is available on the Charity Commission's website, including some examples, one being for a church.

"Hmm, precisely the same overall receipts and spending and precisely the same amounts on details since 2007..."



"The same information can be repeated in successive years..."

For the requirements for Scottish charities, reference should be made to the OSCR website.

The list in 8.2 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.

It is understood that the forthcoming revisions of SORP 2005 will include changes in some of the requirements for annual reports.

Sections below that are marked with an asterisk* are not obligatory for charities 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' annual report and financial statements (which appear in Yearly Meeting papers each year).

8.2 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. The Charity Commission registration number (or the Scottish charity 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 constituent meetings and for the area meeting as a whole form a key part of the Society's role in providing a public benefit.
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 given 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

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).

1. 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.

2. *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.
3. *How expenditure has supported objectives: the main categories of expenditure and how these further the religious and charitable objectives of the area meeting.
4. *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

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 Charity Commission and OSCR in exercising their powers or duties. Reference should be made to the Charity Commission or OSCR guidance on what is required.

8.3 Whose report is it?

Although the report is made by the trustees, it should reflect the work, concerns and plans of the whole area meeting including its constituent local meetings, not just of the trustees.

8.4 An opportunity?

Preparation of the report should not just be seen as a necessary task. It can also be an opportunity to think creatively about what the area meeting does and could do in the future, and to present these aspects in a lively way. It isn't necessarily only for members and attenders, but could be of other interest to enquirers and others.

The trustees should consider whether all members and attenders should be given a copy of the report and whether it should be put on the meeting's website.

8.5 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 then passed 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 that 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 and OSCR. The examiner or auditor should be appointed by area meeting in session (generally on the recommendation of the trustees).

8.6 Signing off the annual report and accounts

The auditor or examiner should provide a signed report that accompanies the accounts. The annual report and accounts should be approved by the trustees, and signed by the clerk of trustees. They may also be signed by the area meeting treasurer. Both are then normally presented to, and adopted by, the area meeting.

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 Quaker Communications and Services department at Friends House. In addition, the Charity Commission and OSCR require an annual return to be submitted by registered charities containing a certain amount of routine information about each charity, and they may also require submission of a monitoring form summarising some financial details. These are normally submitted online.

Section 9: Useful sources of information

9.1 Quaker sources

Staff at Friends House and members of the Quaker Stewardship Committee are always willing to assist meetings over issues relating to trusteeship, and Friends are encouraged to contact them through the Communication and Services department. 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.

Staff at Quaker Life have particular expertise on wardenship and other employment issues.

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 The most up to date version is to be found at www.quaker.org.uk/qfp. Chapter 14, 'Stewardship of our material resources' and Chapter 15 'Trusteeship', both adopted by Yearly Meeting 2010, are particularly relevant. Printed versions are available from the Quaker Centre at Friends House, and printed versions and ebooks are also available to buy from www.quaker.org.uk/qfp.

Right Ordering: A Handbook of Business Practice within the Area Meeting Luton & Leighton Area Meeting, 2010. This is available online at www.quaker.org.uk/right-ordering-handbook. It contains files covering job descriptions, terms of reference, timetables and simple explanations of the tasks to be undertaken within Luton & Leighton Area Meeting. 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.

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

9.2 General information

The most useful source of general information is the Charity Commission website (www.charity-commission.gov.uk), and guidance relevant to Scotland is found on the website of the Office of the Scottish Charity Regulator (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.

The most recent publication from the Charity Commission is a Trustee Handbook (November 2012) – available online only at www.charitycommission.gov.uk/detailed-guidance/trustees-staff-and-volunteers/trustee-handbook. This is the key document from the Charity Commission, but the following booklets (available both online or in paper form) should also be referred to. Each can be found by searching for the publication number on the Charity Commission website (www.charitycommission.gov.uk).

CC3 The essential trustee: What you need to know (Charity Commission, March 2012)

CC3(a) The essential trustee: An introduction (Charity Commission, January 2007: bullet-point summary of essential information)

CC8 Handling money safely (Charity Commission, July 2012)

CC9 Speaking Out: campaigning and political activity by charities (Charity Commission, March 2008)

CC10 The Hallmarks of an Effective Charity (Charity Commission, July 2008)

CC15(b) Charity Reporting and Accounting: the essentials (Charity Commission, March 2012)

CC16 Receipts and Payments Accounts Pack (based on SORP 2005) (Charity Commission, April 2009)

CC17 Accrual Accounts Pack (based on SORP 2005) (Charity Commission, April 2009)

CC19 Charities and reserves (Charity Commission, June 2010)

CC20 Charities and fundraising (Charity Commission, May 2011)

CC28 Sales, leases, transfers or mortgages: What trustees need to know about disposing of charity land (Charity Commission, March 2012)

CC31: Independent Examination of Charity Accounts: Trustees' Guide (Charity Commission, March 2012)

CC33: Acquiring Land (Charity Commission, April 2001)

CC36: Changing your Charity's Governing Document Charity Commission (January 2010)

Other helpful documents include:

SORP 2005, Accounting and Reporting by Charities: Statement of Recommended Practice Charity Commission 2005. Second edition, 2008.

OSCR 4 Guidance for Charity Trustees (published September 2010), Office of the Scottish Charity Regulator, 2006.

Books

The Charity Trustee's Handbook, Mike Eastwood: Directory of Social Change. Second edition. June 2010. £14.95.

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. Eighth edition. Ruth Hayes and Jacki Reason: Directory of Social Change, March 2009. £35.

Charitable Status: A practical handbook, Julian Blake (original author Andrew Phillips): Directory of Social Change. Sixth 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. Fifth edition. October 2010, £25.

Ideal as an introductory pack for new board members or as a refresher for long-serving trustees, *The Good Trustee Guide* provides comprehensive information about a trustee's role and guidance on developing an effective trustee board.

This updated and revised edition provides guidance on current legal and regulatory frameworks, as well as an extensive range of best practice guidance from voluntary sector support agencies and regulators.

The ICSA Charity Trustee's Guide, Chris Priestley: ICSA Publishing Ltd (Institute of Chartered Secretaries & Administrators), April 2012. £30.

This book provides quick and easy access to essential information on charities regulation and best practice including trustee recruitment and responsibilities, governance, board structure and functions, financial issues (including fundraising) and trustee-staff relations. The aim of the book is to support trustees of small- to medium-sized charities and covers the key aspects of the trustee function that are common to the majority of trustees.

The Charity Treasurer's Handbook, Gareth Morgan: Directory of Social Change. Third edition. September 2010. £14.95.

A Practical Guide to Financial Management for Charities. Third edition. Kate Sayer: Directory of Social Change, 2007. £24.95.

Appendix 1

Guidance for good governance: a checklist for area meetings (QSC, April 2011)

A. Required for good governance		
1	Governing document	Please ask Helen Griffith, RCO, for the form to record if there are any variations from the one issued by BYM that is approved by the Charity Commission.
2	Named trustees	
3	Terms of reference for trustees	If you have any sub-committees they will also need terms of reference.
4	Annual report and accounts	These will need to be sent to the CC/OSCR and the RCO within the time scale specified in the governing document (8 months).

B. Recommended for Good Governance		
1	Memoranda of understanding	Does your meeting have Mou between the LM and AM describing the division of responsibilities?
2	Fit and proper person declarations	These are required for trustees starting after April 2010
3	Code of conduct	Is there guidance for new trustees?
4	Conflict of interest	Is there a system for declaring possible conflict of interest?
5	Eligibility declaration	Is there a check on eligibility?
6	New Trustee Induction pack Governing document Terms of reference Memoranda of understanding Policies CC3 The essential trustee Code of conduct Conflict of interest Eligibility declaration Latest report and accounts Previous year's minutes Meeting dates and details	Meetings should be providing appropriate induction and training for individuals taking on the responsibility of being a trustee

C. Relevant policies and procedures you may need		
Policy is a statement of intent and explains what and why. Policies may be reviewed periodically.		
Procedures describe the process by which the policy will be implemented, explaining what, how, when and where the work will be done. Procedures need to be reviewed and updated in line with changes in legislation and circumstances.		
	Policies	Procedures
1	Archive ~ safe keeping of historical documents	Archiving
2	Data protection ~ to comply with the Data Protection Act 1998	Data protection
3	Disability equality ~ to comply with the Disability Discrimination Act (DDA)1995 & the Equality Act 2010	
4	Employment ~ comply with the Equality Act 2010	Recruitment and selection Induction Training and development Disciplinary Grievance Insurance Capability Sickness and absence Harassment Lone working Maternal/parent leave Working time regulations
5	Environmental ~ to outline commitment	
6	Equal opportunity ~	
7	Financial ~ practical management	Internal financial controls
8	Grant making ~	
9	Health & safety ~ relating to premises and people	Fire Asbestos Furnishings People Material Equipment
10	Hiring ~ hiring of rooms in functional property	Hiring
11	Investment ~ clear principles	Investment management
12	Letting ~ leasing of investment property	
13	Property ~ care and maintenance	Property maintenance Service record
14	Reserves ~ reason and purpose	Reserves
15	Risk management ~ financial and non-financial	Risk register
16	Safeguarding vulnerable groups ~ children and vulnerable adults	Protection of children and vulnerable adults; Disclosure
17	Secure storage ~ confidential material	Confidentiality & continuity
18	Volunteer involvement ~	

D. Some useful links	
Governing document	www.quaker.org.uk/charitable-registration
Memorandum of understanding	www.quaker.org.uk/memorandum-understanding
Trustees Handbook	www.quaker.org.uk/handbook-trustees
Qf&p revised chapters 14 &15	www.quaker.org.uk/sites/default/files/Quaker-faith-aand-practice-Chapters-14-and-15-as-amended-by-YM.pdf
A simple code of conduct	www.trusteenet.org.uk/resources/simple-model-code-conduct-word-format
The Essential Trustee – CC3	www.charitycommission.gov.uk/publications/cc3.aspx

Appendix 2

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 Meetings should be held using the Quaker business method with minutes drawn up and approved at the time. Copies of the minutes of meetings should then 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

Appendix 3

X Area Meeting of the Religious Society of Friends

Register of trustees' interests: disclosure form

Please refer to the guidance notes overleaf

Name	
Occupation	
Paid employment	
Self employment	
Directorships	
Significant shareholdings	
Elected office	
Trusteeships/ management of charities/ voluntary bodies	
Public appointments	
Membership of profes- sional bodies	
Spouse/partner/ family	

Signed Date

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).

Category of interest	Information to be disclosed
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).

Appendix 4

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 *Quaker faith & practice* 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 Management Return**' used by one area meeting treasurer is provided as Appendix 5, 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 5

Financial Management Return

Meeting:		
Treasurer's name:		
1	Treasurers' 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.	

