



TRUSTEES &
GOVERNANCE

The Essential Trustee

An introduction



A welcome from the Chair and Chief Executive of the Charity Commission

You are probably reading this because you have just become, or are about to become, a charity trustee. If so, we welcome you and congratulate you. Your skills and energy will help to make a difference to your chosen charity. You will become responsible for the charity's aims and direction, for its property, finances and the employment of any staff or volunteers. Without good and committed trustees, no charity can hope to succeed.

We would like to wish you well as a trustee, and hope that you will gain real satisfaction from making a contribution to society. The Charity Commission exists to regulate charities and protect their reputation. We are here to help and advise you and your colleagues.

This guidance sets out a summary of your new responsibilities and duties, and also how you can get support and assistance from us and from other organisations.

In this guidance, where we use 'must' we mean it is a specific legal or regulatory requirement affecting trustees or a charity. To help you easily identify a legal or regulatory requirement we have used the **L** symbol. We use 'should' for items we regard as minimum good practice, but for which there is no specific legal requirement. Trustees should follow the good practice guidance unless there's a good reason not to.

Dame Suzi Leather
Andrew Hind

Chair
Chief Executive



Who are charity trustees?

Charity trustees are the people who form the governing body of a charity. They may be known as trustees, directors, board members, governors or committee members. Trustees are responsible for controlling the management and administration of a charity. The great majority of trustees serve as volunteers, and receive no payment (other than to repay necessary out-of-pocket expenses incurred). Trustees should work together as a team, and have collective responsibility for their charity.

Being a trustee can be hard work, but by contributing you should also gain. Trusteeship should be rewarding, providing opportunities for personal development. As you give your skills to the running of your charity, you will at the same time gather new skills and experience.

What are the duties of trustees?

Trustees have, and must accept, ultimate responsibility for directing the affairs of their charity, ensuring that it is solvent and well-run, and delivering the charitable outcomes for the benefit of the public for which it was set up. You need to keep in mind the following areas of responsibility.

L **Ensuring compliance** – Trustees must ensure that their charity complies with:

- Charity law, and the requirements of the Charity Commission as regulator; in particular you must ensure that the charity prepares reports on its work, and submits Annual Returns and accounts as required by law. You can find more information in our publication *The Hallmarks of an Effective Charity* (CC60).
- The requirements or rules, and the charitable purpose and objects, set out in the charity's own governing document. All trustees should have a copy of this document, and be familiar with it.
- The requirements of other legislation and other regulators (if any) which govern the activities of the charity; these will vary according to the type of work the charity carries out, and whether it employs staff or volunteers.
- The requirement for trustees to act with integrity, and avoid any personal conflicts of interest or misuse of charity funds or assets. You should check the charity's governing document for provisions relating to conflicts of interest, and you can find more information in our website guidance on conflicts of interest and in our publication *Payment of Charity Trustees* (CC11).

L Duty of prudence – Trustees must:

- Ensure that the charity is and will remain solvent; this means that you need to keep yourself informed of the charity's activities and financial position.
- Use charitable funds and assets wisely, and only to further the purposes and interests of the charity.
- Avoid undertaking activities that might place the charity's property, funds, assets or reputation at undue risk.
- Take special care when investing the funds of the charity, or borrowing funds for the charity to use.

L Duty of care – Trustees must:

- Exercise reasonable care and skill as trustees, using personal knowledge and experience to ensure that the charity is well-run and efficient.
- Consider getting external professional advice on all matters where there may be material risk to the charity, or where the trustees may be in breach of their duties.

To fulfil these responsibilities properly, trustees should make sure that they keep up to date with what the charity is doing. You should give enough time and energy to the business of the charity, and meet regularly enough to make the decisions needed. How this is done will vary between different types and sizes of charity.

What is the Charity Commission?

We are the independent charity regulator for England and Wales. Our job is to work with charities to ensure that they are accountable, well run and meet their legal obligations. We also aim to promote public trust and confidence in charities. Most charities must register with us, although some types of charity do not have to register. We provide a wide range of advice and guidance to charities. We produce a twice yearly newsletter which is sent to all registered charities in England and Wales and offer a number of online services via our website www.charitycommission.gov.uk. You can also read and download any of our publications and guidance from our website.

What happens if things go wrong?

We offer information and advice to charities on both legal requirements and best practice to help them operate as effectively as possible and to prevent problems arising. In the very few cases where serious problems occur, we have wide powers to look into them and put things right. Depending on the circumstances and the charity's governing document, trustees may be personally liable for any debts or losses that the charity faces. However, personal liability of this kind is rare, and trustees who have followed the requirements summarised in this guidance will generally be protected.

Where can I find out more?

This is only a summary of the responsibilities and duties of trustees and you can find out more in *The Essential Trustee: What you need to know* (CC3), which contains more detailed information. To get a copy of this or any of our other publications you can:

- view and print them from our website www.charitycommission.gov.uk
- order during opening hours - Monday to Friday 08:00-20:00 and 09:00-13:00 Saturdays - by phoning us on **0845 300 0218**; or
- write to Charity Commission Direct, PO Box 1227, Liverpool, L69 3UG.

For a full list see the Publications section of our website or *Charity Commission Publications* (CC1).

As well as the guidance we produce, there are many other resources that trustees can use to help them carry out their duties. We encourage you to make use of the wide range of organisations that can help you run your charity as effectively as possible. Details of some of these organisations are listed in *The Essential Trustee: What you need to know*. You can also find details of other sources of information in 'Useful links' on the homepage of our website.

This guidance is available in audio format and in Welsh. It is also available in Braille and large print on request.

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Charity Commission

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