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Guideline Leaflet C15: Help I'm a Charity Trustee

All Baptist churches are charities. In a Baptist church the Minister, Treasurer, Secretary, Deacons and Elders (if any) are usually the charity trustees (also sometimes known as managing trustees). This leaflet offers information about their role as the trustee of a charity.

This Guideline Leaflet is regularly reviewed and updated. To ensure that you are using the most up to date version, please download the leaflet from the BUGB website at www.baptist.org.uk/resources

The date on which the leaflet was last updated can be found on the download page.

C15: Help I'm a Charity Trustee

These notes are offered as guidelines by the Legal and Operations Team to provide information for Baptist churches.

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[L17 Legal and Operations Team – Regulatory Information](#)

These notes can never be a substitute for detailed professional advice if there are serious and specific problems, but we hope you will find them helpful.

If you want to ask questions about the leaflets and one of the Baptist Trust Companies are your property trustees, you should contact them. They will do their best to help.

If your church property is in the name of private individuals who act as trustees they may also be able to help.

INTRODUCTION AND CONTENTS

This leaflet was rewritten in March 2017 to bring together the leaflets listed below as well as updating the guidance provided:

C15 Help I'm a Charity Trustee C16 Help I'm a Deacon C17 Help I'm a Church Secretary
C18 Help I'm a Church Treasurer C19 Help I'm a Minister

We have retained this leaflet as '**Help I'm a Charity Trustee**' with the following headings:

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CHARITIES, TRUSTEES AND THE CHARITY COMMISSION

Churches are Charities

A charity is an organisation which is set up for charitable purposes. The 'advancement of religion' is a recognised charitable purpose and so churches are defined as charities because of their work. This is true irrespective of whether a church has registered with the Charity Commission.

Churches only need to register with the Charity Commission if their annual income is over £100,000 or they have become a Charitable Incorporated Organisation (CIO). Currently, most Baptist Churches are not registered charities – but they are still a charity with Charity Trustees.

For more information on Charity Registration see our leaflet C06: *Churches and Charity Registration*.

Some churches have pre-schools or social action projects that are separate registered charities but closely associated with the church's mission. Each charity will have its own unique identity, purposes, and its own group of Charity Trustees.

Charitable status brings significant benefits in the form of Gift Aid and other allowances. The proper administration of charity funds is very important because of the need to follow good practices and meet the requirements of the law generally and the Charities Act 2011 in particular.

The need to ensure that the financial aspects of church life are well organised is not just related to legal responsibilities. Our Christian faith should make us want to ensure that there can be no doubt that all aspects of the administration of the charity, particularly financial matters, are handled carefully, effectively and with absolute integrity.

Charity Trustees

The Charity Trustees are defined by the Charities Act 2011 as the group of people who have the general control and management of the administration of the charity. Charities usually have a board of trustees, directors, or a management committee who take key strategic decisions about the activities of their organisation and ensure that the charity is well run.

In a Baptist Church, the Charity Trustees are usually the Minister and Deacons (including the church secretary and treasurer). If the church has Elders then they are included as well. If the church has a 'Leadership Team' then this group would be regarded as the Charity Trustees. The names and titles are less important than the leadership and management tasks that are actually undertaken. For the purposes of charity law the group in your church who are identified as 'leaders' are the Charity Trustees. This is usually confirmed in the church's constitution.

The question is sometimes asked could the church nominate a small group as the Charity Trustees so as to leave the remaining leaders free of this responsibility. Simply giving a title to a small named group does not change the identity of the Charity Trustees if others continue to take the initiative in many aspects of church life and make day to day decisions. By acting as if they are trustees they are counted as trustees because of the legal definitions within statute law.

In the 'Baptist world' there is the potential for further confusion! Many churches also have 'trustees' who hold the legal title to church land and property. They are sometimes called the 'Property Trustees', the 'Custodian Trustees', or the 'Holding Trustees'.

This leaflet is intended to help local leaders of Baptist churches with local trustee responsibilities who are responsible for the day-to-day management of the local church.

The principles that apply to local church Charity Trustees will also apply to leaders in other charitable organisations.

Are there Restrictions on who can become a Charity Trustee?

All churches should have a governing document which includes agreed procedures about selecting or appointing leaders. For most churches this will be a Constitution but those that are companies will have 'Memorandum and Articles'.

Almost anyone asked to serve as a church leader will be a Charity Trustee. Consequently, there are certain legal restrictions that a church needs to be aware of when appointing its leadership.

From 1 August 2018 changes to the automatic disqualification rules mean that there is now an increase in the number of legal reasons that disqualify someone from acting as a charity trustee.

The updated reasons for disqualification are below, those marked * are new and only apply from 1 August 2018:

1. being on the Sex Offenders' Register*
2. **unspent** conviction for an offence involving
 - deception or dishonesty
 - terrorist offences*
 - money laundering*
 - bribery*
 - misconduct in public office*, perjury*, perverting the course of justice*
 - contravention of certain preventative Orders of the Charity Commission (s.77 of the Charities Act 2011)*
 - attempting, aiding or abetting these offences*
3. contempt of court*
4. designation under specific anti-terrorist legislation*
5. found guilty by the High Court of disobeying a Commission order or direction*
6. removed from:
 - trusteeship, or as an officer*, agent* or employee* of a charity by the Court or the Commission for misconduct or mismanagement
 - a position of management or control of a charity in Scotland for mismanagement or misconduct
7. disqualification order under the Company Directors Disqualification Act 1986
8. undischarged bankruptcy
9. composition or arrangement with creditors which includes an individual voluntary arrangement (IVA), and is currently on the Insolvency Service Register.

In special circumstances the Charity Commission can waive these requirements but each case will be considered on its merits. It is good practice to ask current and prospective trustees to confirm that they are not disqualified from being a trustee. The easiest way to do this is to ask them to complete a declaration of eligibility form. The Commission publishes a suitable form [here](#).

The Commission has prepared a [detailed table](#) which outlines all the criteria for automatic disqualification. Further advice from the Commission on how the automatic disqualification rules apply can be found [here](#).

People who are disqualified from acting as a trustee are also disqualified from holding certain senior manager positions at a charity. Relevant senior manager positions are both Chief Executive (or equivalent) positions and Chief Finance Officer (or equivalent) positions. The new 'senior manager' provisions are not expected to have an impact on many Baptist churches because in a church context anybody in a role of this kind would usually be a trustee as well.

Charity Trustees are not normally entitled to be paid for their services out of charity funds (other than reimbursement of reasonable and necessary out-of-pocket expenses). This issue is discussed in more detail below in the section 'managing conflicts of interest and payments to trustees'.

HMRC 'Fit and Proper Persons' Test

Charity trustees also need to confirm that they qualify as 'fit and proper persons' according to HMRC's requirements. If they are confident that they will do their best to ensure that charity funds and tax reliefs are used only for charitable purposes and they do not need to disclose any information listed on the HMRC declaration then the trustee should sign a declaration and give it to the charity. A model declaration form can be found here: [HMRC Fit and Proper Person's form](#)

Further detailed guidance on the fit and proper persons test can be found [here](#).

Guidance for Prospective Trustees

If you have been asked to consider becoming a charity trustee you should make enquiries about the church's financial situation so that you are clear what potential liabilities you might be taking on. You should ask to see the church's budget and a recent set of audited or independently examined accounts; you should read their annual reports and governing documents. It is important to know whether the church has a pension deficit and what steps it is taking to address that deficit, for example, making deficit contributions to the Baptist Pension Scheme. You should ask the existing trustees whether there are any particular challenges or difficulties that the church is facing at the present time.

In practice most people have served, do serve, and will continue to serve without facing a personal liability as a charity trustee of a local Baptist church – but we cannot promise that this will never happen. The trustee indemnity insurance that is available from insurers such as Baptist Insurance offers some protection to charity trustees against personal liability. The public liability insurance offered by Baptist Insurance automatically includes cover for trustee indemnity insurance, with a limit of £100,000. Higher limits can be added for an extra premium. Churches are entitled to use church funds to purchase this type of insurance for their charity trustees.

Charity trustees are encouraged to take advantage of the training opportunities offered to them including those offered within our Union.

If in doubt, trustees should obtain independent legal and professional advice.

The Role of the Charity Commission

The Charity Commission is a legally established body that has particular responsibility for all charities, including churches and other religious charities. The Charity Commission has legal powers to ensure that charities are well run and there are good reasons for this.

It is undesirable for the public to give money to a good cause and then for it to be misused. This has an adverse effect on all charities. Sometimes the Charity Commission uses its legal powers to intervene where there is evidence of irregularities. The Commission regulates charities in England and Wales, to ensure that the public can support charities with confidence.

The Charity Commission can also be a friend because it offers guidance and encourages good practice so that charity resources are used well. They support charities as they apply funds towards the purposes for which they were given. They promote proper accountability with an emphasis on the work of Charity Trustees.

The Charity Commission has a website and this displays information about charities and guidance for Charity Trustees about how they should operate; they also publish a Charity Trustee Welcome Pack which is sent to all new trustees of registered charities and can be viewed [here](#). We would also recommend their publication 'Managing Faith Charities as Trustees' which you can find [here](#)

CHURCH LEADERSHIP, BIBLICAL PRINCIPLES AND THE PLACE OF PRAYER

Leaders in a Baptist Church

We know churches use various titles for their leaders. In many churches the deacons and minister work together on all aspects of the church's work and are called a diaconate. Some churches have no minister and a group of deacons undertake all the tasks. A few churches also have elders and see them as having a spiritual role, setting a vision for the church and priorities for mission with deacons undertaking practical and administrative tasks. Some churches simply have a 'leadership team'. Whatever titles are used it is important to note that for the purposes of charity law the group in your church who are identified as 'leaders' are the Charity Trustees; this is usually confirmed in the church's Constitution.

Whilst in a Baptist church the church meeting has ultimate authority with regard to any decisions taken by the church, when it comes to the law the church's leaders are often held responsible for the church's decisions. Issues of potential trustee and church member liability are discussed further in our leaflet L16 *Legal Liability of Church Members in a Baptist Church*.

Biblical Principles and Prayer

Some may ask why we have to follow the rules set out by the Charity Commission, shouldn't we just follow the principles set out in the Bible? Surely all Baptists know how a committee should run?

Our answer is that the priorities set by the Charity Commission of a well-run charity do not conflict with the objectives of a Baptist church or any Biblical Principles. Good leaders in our churches will find no difficulty meeting the requirements of the Charity Commission because they will already be living out concepts of mutual accountability and integrity that have been the pattern in our Baptist churches for generations.

Developing the mission of the church, strengthening the reputation of the pre-school or applying resources to meet the needs of the local community through a social action project are entirely in line with the standards set by the Charity Commission – and our overall mission.

The emphasis in this leaflet on procedures, safeguards, rules and advice on 'best practice' shouldn't mean there isn't a place for faith and prayer. Indeed prayer and a desire to see God's kingdom extended should be at the heart of your role in a Christian charity so *'be joyful always, pray continually; give thanks in all circumstances, for this is God's will for you in Christ Jesus'* ..1 Thessalonians 5.16

Choosing Suitable Leaders

Charity Commission rules determine who is **unable** to be a Charity Trustee but, in most churches, this will leave the majority of church members eligible. Choosing the right people to be Church Leaders and Charity Trustees should be considered carefully given the dual nature of the role.

Paul reminded Timothy that leaders should be above reproach, self controlled, respectable and sober, gentle, honest and trustworthy. (1Timothy 3 1-11)

In Acts 6 when there was a need to appoint people to undertake a particular task those chosen had skills in administration, money management, pastoral care and were full of the Spirit and wisdom. They were suitable and qualified. The task was clearly defined and they were recognised and supported by the prayers of the church. They used their personal skill and spiritual gifts to overcome a problem so that the church continued to grow.

Different churches organise the appointment and tasks of church leaders in different ways. It is therefore important to know what your church constitution or other governing document says about this. This includes the length of time someone is appointed for, whether they can be reappointed at the end of that time and whether the close family member of an existing leader can be appointed.

In some churches people are chosen by the church members meeting for the general task of 'being deacons of the church.' Later the group decides who will take responsibility for certain specific aspects of the life of the church such as buildings, safeguarding, mission and pastoral care. This can include the traditional roles of 'Church Secretary' and 'Church Treasurer'.

Other churches may decide that they have, for example, eight spaces for leaders and eight tasks or areas of responsibility. The church meeting may be asked to choose people who are spiritually gifted and have skills that would enable them to take on one of the pre-defined roles.

Whatever your church constitution or other governing document says about appointing Charity Trustees try to include a range of skills and when possible a variety of people of different ages and background.

Deacons as well as Trustees

In the majority of Baptist Churches, most of the Charity Trustees will have been appointed by the church to serve as Deacons. Whilst every church will have its own understanding of the term and the role, the following are those things that are generally accepted and expected. Much of this relates to anyone in church leadership irrespective of their title.

Servant-leaders: The word Deacon comes from the Greek *'Diakonos'* meaning servant. Deacons are servants in the church using their leadership gifts and skills to help the church and promote its growth. Although they are servants they do have authority. They should not dominate, but they should lead so there is a delicate balance here.

We are all accountable to God personally and individually. Deacons are also accountable for the way they do their work, to the other Deacons, and particularly to the church members meeting - that is the group of people who recognised their skills and gifts and chose them for this role in the first place!

Many churches expect Deacons to take their turn in routine tasks such as opening and closing the building, visiting applicants for membership, serving Communion and leading in prayer before a service. These tasks can seem trivial, or a burden, but they can be the best way of keeping in contact with members of the church and congregation, as well as finding out about the church's activities and identifying problems before they become serious.

Decision-makers: Taking decisions is part of being a church leader. Deacons, acting together after prayer and consultation, are expected to give a lead to the church. Whilst they should not be dictators they would not be fulfilling their responsibilities if they avoided making decisions entirely. On important or strategic matters the final decision should lie with the church members' meeting.

Occasionally an individual Deacon may need to take urgent action to overcome a problem. Normally all the Deacons will consider matters of policy, and decisions about expensive purchases, or new initiatives together.

The Church Members' Meeting is the right place for agreeing all major proposals affecting the church's life together and future plans. Deacons should communicate openly and clearly with the church members. Leading is not just about decisions. Good communication and a willingness to listen to others in shaping new ideas are essential.

Team-players: Good relationships among church leaders are essential. The Deacons and any other members of leadership groups should be committed to one another as well as to the whole church. Deacons meetings and church members meetings must be a priority. Relationships grow as people spend time together and learn to work as a group. Good communication is easier to achieve if everyone attends meetings regularly.

It is also very useful to meet together sometimes without a list of topics for discussion so that there is more time for prayer and worship. Time is needed to form close working relationship so that it is possible to have in-depth discussions on important areas of concern. Trust needs to grow. This basis of trust is especially important when there are problems to overcome - together.

In some churches, each Deacon has a specific responsibility reflecting their specific skills and gifts (e.g. property, finance, youth-work, outreach etc.). This may involve them working with a team of church members, but reporting back to the whole Diaconate at regular intervals.

Role-models: One of the most important things for a Deacon (or other leader) is to be a good example and an encouragement to others. It is also important that Deacons are leaders in fulfilling the normal responsibilities of church membership such as attending worship and church meetings regularly as well as supporting the church financially and practically.

In addition, the Diaconate should be like a body with each part playing its own part for the good of the whole (Ephesians 4:16). The Deacons should ensure that the time, effort and money of those in the church are not wasted because of carelessness or inefficiency.

The Minister as a Charity Trustee

We are sometimes asked whether a Minister is part of the group of Charity Trustees who have responsibility in terms of Charity Law for the administration and management of the church. Is a Minister, with the emphasis on their spiritual and mission role really expected to carry this responsibility?

We are convinced that it is necessary for a Minister in a Baptist Church to engage in all aspects of the church's life and mission. Therefore, they will need to participate in the work done by the Charity Trustees, who are regarded in legal terms as being the 'church's leaders'.

We recognise the role of the Church Members' Meeting but there has always been a role for a smaller group who have implemented the policies of the church, and dealt with many day to day matters. It has often been this group that brought strategic new ideas to the Church Members' Meeting for consideration.

As mentioned earlier the 2011 Charities Act defines Charity Trustees as being 'the persons having the general control and management of the administration of the charity'. We believe that Ministers are

sufficiently involved in the life and work of a local Baptist Church to meet this legal definition and are therefore part of the church's group of Charity Trustees.

WHAT IS INVOLVED IN BEING A CHARITY TRUSTEE IN A BAPTIST CHURCH?

Be Aware of the Six Main Duties of a Charity Trustee

The Charity Commission's document CC3 '[The Essential Trustee](#)' lists the six main duties of a Charity Trustee. We have listed them here and explain how these relate to your role as a charity trustee of a Baptist Church.

Ensure your charity is carrying out its purpose for the public benefit

- This is about making sure your church is there to serve the wider community and not just its members; see guideline leaflet C09 *Registered Charities and Public Benefit*
- Whilst not all leaders will be gifted in creating new ideas and initiatives, as a group the Charity Trustees should be a forward-thinking, mission-focussed group. In the case of the church this is not about making the present members comfortable but about the essential task of mission.
- It is important that the style of leadership in your church matches gospel values and Charity Trustees may want to take note of one or both of the following.
 - Five Core values for a Gospel People
https://www.baptist.org.uk/Groups/258896/The_story_behind.aspx
 - Growing healthy Churches in relationship for God's mission
https://www.baptist.org.uk/Groups/226987/Vision_and_Culture.aspx
- When looking at planning and future strategy, remember that 'getting bigger and being better' are not the only priorities, but that you also need to reflect a Christian ethos and a fair but compassionate style in your dealings with others, particularly those who should be benefiting directly from your charitable work.

Comply with your charity's governing documents and the law

- Make sure you have read (and understood) the church constitution or other governing document
- If the church is registered with the Charity Commission check that it is up to date with filing accounts, completing returns and updating trustee information.
- Make good use of the various leaflets produced by the Baptist Union's Legal and Operations Team to enable you to understand and abide by various pieces of legislation including Health and Safety, Disability Discrimination and Employment.

Act in your charity's best interests

- Recognise and deal appropriately with conflicts of interest
- As a group you need to ensure you make balanced, informed decisions taking advice where appropriate and not allowing any individual to exert undue influence.
- The chair of the meeting (who doesn't have to be the Minister) should allow open conversation ensuring all are able to have their say and not prevent questions and challenges being raised.
- Work together to look at ways to advance the church's work and activities and raise its profile. This shouldn't be left to the Minister and/or paid staff.

Manage your charity's resources responsibly

- Remember that resources include people, property and money
- Ensure you have appropriate policies and procedures in place
- Maintain proper insurances – comprehensive, adequate and relevant to the church's activities. Seek advice from your insurers as necessary
- Know who your property trustees are and when they should be consulted
- Always seek professional advice for significant property transactions. It is vital that property is not sold for less than full market value. Even short-term lettings should be at a sensible market rent

- Understand that the management of church finances is a shared responsibility and shouldn't just be left to 'the Treasurer'
- In taking decisions for the charity you must not be more reckless than you would be with your own finances

Act with reasonable care and skill

- Take as much care over your work as a Charity Trustee as a reasonable prudent person would dealing with their own affairs
- Always prepare for a Trustee meeting by reading through the Agenda and any papers which you have been given
- Ask questions if anything seems unclear or unhelpful
- Recognise what skills, gifts and experiences you bring to the role and consider how you can use them to assist the other trustees
- Make good use of Trustee Training opportunities including those offered within our Union
- If in doubt about a particular course of action, trustees should obtain independent legal or other professional advice.

Ensure your charity is accountable

- Accountability means sharing information clearly and openly with other trustees and members as appropriate and the church meeting, presenting information in a clear and complete way and inviting the views of others before taking a decision.
- Mutual accountability is essential as the Charity Trustees have joint responsibility.

Read the Charity's Governing Document

The Charity Commission expect that each charity will be organised in line with its own Governing Document. This is the document that explains what the individual charity does, who its beneficiaries are, how money is to be administered, and how Charity Trustees are to be appointed.

In the case of a Church, the governing document is usually a local church constitution. If you are the Charity Trustee of a charity then you need to know about (and read) the governing documents. If you don't do this you will not know if you are abiding by what it says and whether you are using the charity's resources for their proper purpose.

Openness is important otherwise there is a danger of a lack of accountability when only a 'select few' are equipped with the essential information.

For more information about this please refer to our leaflets:

- C03 Church Constitutions
- C04 Approved Governing Document
- C05 Using the Approved Governing Document

Managing Conflicts of Interest and Payments to Trustees

Charity Trustees are not normally entitled to be paid for their services out of charity funds, other than reimbursement of reasonable and necessary out of pocket expenses, supported by receipts. In the same way neither Charity Trustees nor their relatives may benefit financially from the charity by, for example, taking a lease of property belonging to the charity or borrowing money from the charity. Similar restrictions apply to employing trustees or people related to them unless a church's Constitution specifically allows this.

It has long been accepted by the Charity Commission that these restrictions do not prevent the minister of a Baptist church from receiving a stipend while being a Charity Trustee. However, a church updating its Constitution must include a specific provision to authorise this payment such as clause 23 of the BUGB Approved Governing Document.

If a church wishes to pay a Charity Trustee as an employee, they must either seek consent from the Charity Commission or have specific provisions authorising payments in the local church Constitution. The BUGB Approved Governing Document includes clauses that create a framework for this kind of payment at clause 20 which was written for us by the Charity Commission.

The Charities Act 2011 does allow charities to pay an individual Charity Trustee for providing an additional service to the charity – if they think it is in the best interests of the charity – without having to go to the Commission for authorisation. An example of this could be a trustee who is a plumber providing plumbing services to the charity, as long as the trustees agree that it is in the charity's best interests. This might happen because the trustee is charging a more competitive price or is in some way delivering a better service than the trustees could get elsewhere.

There are important points to remember:

- the total number of trustees (or their relatives) receiving any payment must be in a minority;
- the amount paid for providing a service must be reasonable and set out in a written agreement between the trustee and the charity; and
- the governing document must not contain any specific provision forbidding this type of payment.

Before agreeing to pay any Charity Trustee all of the other trustees must be satisfied that there is a clear advantage to the church. Where there is no favourable cost comparison and no special expertise possessed by the trustee concerned this is unlikely to be the case.

Where a Charity Trustee is being paid the unpaid trustees must put procedures in place to manage the conflict of interest and to monitor the performance of that trustee. A suitable framework is provided at clause 20.2 of the BUGB Approved Governing Document. Paid trustees cannot represent the charity as trustees in relation to matters which affect their paid employment and must always be in the minority on the trust body.

The Charity Commission recommends that payments to trustees are disclosed in the church's annual report and accounts. Detailed guidance and a checklist of the factors to be considered before a trustee receives payment are available at <https://www.gov.uk/government/collections/list-of-charity-commission-cc-guidance-publications> (information leaflet CC11 'Trustee Expenses and Payments').

Ministers are a special case so there is no problem in the minister being one of the trustees and receiving a stipend. However, it is important to remember that although the stipend will need to be discussed from time to time the Minister should not participate in the decision-making process, although there may need to be initial conversations about what might be acceptable. In these circumstances it is not only important to do the right thing – but for it to be properly noted in the relevant meeting minutes. It is usual for a Minister to leave any meeting where their remuneration is discussed, this should be formally recorded to avoid any risk of criticism of either the Minister or the other Charity Trustees.

It is also important to remember that the church's funds should not be used to benefit other family members, so, for example, a decision to pay the Minister's spouse for administration work would require special arrangements to be made.

Further information on these issues can be found in guideline leaflet C16 *Conflicts of Interest*.

Welcome New Trustees

As new people join the Charity Trustees, existing members should take time to explain how the group operates and help new trustees understand their responsibilities and participate.

All organisations develop their own traditions and so unwritten rules can develop and 'accepted practices' can save a lot of time for those 'in the know.' Make sure that if you are welcoming a new Charity Trustee to your group that you give them information that enables them to participate fully as quickly as possible. They should be given a copy of the governing document (Constitution) and the last annual report and annual accounts as part of a 'starter pack.' They should also be given a copy of this leaflet.

For charities that are limited companies there will be some important formalities to follow that ensure that any retiring directors have their names removed from the records at Companies House and the new trustees' names noted instead. Be careful to observe the time limits on this procedure.

New Charity Trustees of a registered charity must have their names noted on the Charity Commission website page for their charity. They will then be sent a [Charity Trustee Welcome Pack](#) by the Commission.

Seek help when things go wrong

Christians know that we live in a broken world with people who make mistakes. Life is untidy. Even in the Bible mistakes needed correction and problems needed resolution. If something goes wrong, don't just ignore it, take steps to put it right

If something has gone wrong and the Charity Trustees do not know how to proceed they must ask for help. Usually within Baptist networks there will be someone who can help and your local Association is a good starting point. The staff at the National Resource, Baptist House, Didcot, can also offer some guidance as can your Property Trustees.

Consider Trustee Indemnity Insurance

It is possible to purchase trustee indemnity insurance and this can offer some protection to Charity Trustees against personal liability.

The Charities Act 2011 allows Charity Trustees to use church funds to buy indemnity insurance – unless the church's governing document specifically prevents it, which is unlikely. Charity Trustees must be satisfied that the purchase of a Trustee Indemnity Insurance Policy is in the best interests of the charity.

You will want to weigh up the benefits and costs of this insurance. Remember that even if you have insurance it will be a condition of the policy that you are not negligent. The amount of cover may be limited. Some people appreciate this kind of insurance but it does not reduce your responsibility to follow 'best practice' and to act sensibly and be accountable with your co-trustees for your actions and decisions. However, it can be beneficial in helping meet the legal costs of defending a claim, and you will have to comply with the terms of the policy.

See leaflet L16 *Legal Liability of Church Members in a Baptist Church* for a more detailed discussion on issues of potential liability for charity trustees and church members.

Beware of Scams

Sadly some unscrupulous people target charities with goods and services that are either overpriced or unnecessary. The requirement to check decisions, particularly about expensive purchases with your co-trustees will be a safeguard, as will the usual practices of seeking several estimates for any significant work.

Scams catch out the best of administrators, and the best Charity Trustees and it causes them to feel miserable. If this happens to you remember that those who have caused you to make a mistake are practised at misleading others and will almost certainly have pressed you for a very quick decision.

The favourite scams seem to be:

- offering very expensive packs of material dealing with Health and Safety;
- offering expensive Fire Exit signs or Fire Extinguishers;
- data protection advice;
- Disability Discrimination guidance;
- tarmac for the church car park – available today because it is left over from another job!

Whilst we do not know of any fault in any specific materials or services on offer and are unable to name any 'rogue traders' many are very expensive in relation to the benefit received.

Where advice is offered there is often little understanding of the needs and requirements of a Baptist church. The guidance is often more relevant to the needs of small businesses.

Alarmist claims are made that this or that is, or will soon become 'illegal.' Trustees, being generally law-abiding people are keen to act quickly and this is the problem with scams – they catch out the diligent and caring leaders.

Do not be rushed. There are very few occasions where it is necessary to take a decision immediately. You are part of a leadership group so it is quite reasonable for you to consult with the other Charity Trustees before making a decision. A reputable firm will understand this and allow time for you to consider their proposals.

Check out any offers that are made to you and take advice before committing the church to expenditure.

THE ROLE OF CHURCH SECRETARY

WHAT IS A CHURCH SECRETARY AND HOW ARE THEY APPOINTED?

The function of Church Secretary is essential in the life of a Baptist church. The Secretary has often taken responsibility for much of the work that goes on 'behind the scenes'. It is a very demanding role particularly in terms of time—but not an impossible task!

The Secretary and Treasurer (see next section) have traditionally been seen as key roles within the church. Due to the nature of the tasks they have been given they will need to work closely with the Minister (if there is one) and provide a good foundation for church administration generally. This is a vital part of the mission of the church and a good Secretary can help others to work effectively and avoid problems before they happen.

Some churches choose somebody to deal with 'Administration' but do not give them the title Church Secretary. Other churches have made changes to the traditional 'set up' by employing an Administrator or by splitting the job between two or three people. However, it is helpful to have someone in the role of 'Church Secretary' even if some of the tasks are delegated to others. The Church Secretary's name will be used by the local Baptist Association, the Baptist Union of Great Britain and others as the point of contact with the whole church.

This section is intended to be a guide to the main tasks involved in being a 'Church Secretary'. Although one person may not do all the tasks someone does need to make sure they are being done! However, every church is different so not everything will be appropriate to your situation. (Care is needed in employing an Administrator. See the guideline leaflet C01 *Charity Legislation and Churches* to check legal restrictions on appointing either a trustee, a member of their family, or business partner and the section above on 'Managing Conflicts of Interest and Payments to Trustees').

Some churches always choose their Church Secretary from among the Charity Trustees. In other churches the Church Secretary will be chosen from among the whole membership. When this happens the Secretary will automatically become a Charity Trustee because they have an important co-ordination and leadership role within the church. In addition the Secretary has an important task in helping to organise the Charity Trustees' (leadership) meetings, taking minutes and ensuring that agreed actions are carried out.

The selection/appointment process will vary from church to church so check your church's constitution or other governing document to see what your church has in place.

WHAT ARE THE MAIN TASKS INVOLVED IN BEING CHURCH SECRETARY?

Belonging to the Church and Dealing with People

The Church Secretary should develop an overview of church life. The Church Secretary should be someone who gets to know the people within the church and listens to what they have to say. In addition, the Secretary should encourage others who lead activities. They will have their own hopes and needs. The Secretary will look out for people with gifts and skills that can be used in the church.

The Secretary needs a positive and prayerful attitude to the life and future mission of the church. This will 'rub off' on other leaders, members and those who attend the church. A Church Secretary with a negative attitude will quickly hinder growth.

Dealing with Mail and Emails

The Church Secretary will usually be the church's main contact for the Baptist Union and the local Association – and maybe other organisations as well. He or she will therefore receive mailings (both paper and electronic) from numerous organisations.

- Try to deal with it as soon as it arrives or it will easily pile up or get buried and forgotten.
- Pass on mail (or forward emails) to the relevant people in the church.
- Don't file it all in the bin as some of it will actually be useful to your church!
- Although it is necessary to filter out the junk mail the Secretary must understand that mail is addressed to 'the Church Secretary' for the benefit of the whole church.

Dealing with Meetings

These will be Trustee meetings (Deacons, Leadership etc.) and Church Meetings

- In advance of the meeting the Secretary will need to prepare or help to prepare the agenda (topics for discussion). These should normally be distributed in advance of the meeting to give people time to think and pray about the issues.
- At the meeting the Secretary will need to ensure that notes (minutes) are made of the discussion and that decisions taken are recorded carefully. These can be written or typed and filed in a book or binder set aside for this purpose. Some churches have bound minute books and it is necessary to insert the minutes into the book. As these minutes may be of historical and legal interest the materials used to record them should be of sufficient quality to ensure that they survive for many years.
- The minutes can be copied and distributed for people to read before the next meeting, or just read out at the meeting or posted on the church website. It is important that the minutes are checked by the whole group at the beginning of the next meeting so that they can be confirmed as an accurate record. The chair of the meeting usually signs the minutes or notes before starting to work through the next list of topics for discussion.
- It is a good idea to write the minutes as soon as possible after the meeting.
- The Secretary should ensure that decisions taken at meetings are carried out. This will sometimes mean the Secretary taking the initiative. At other times it will be other people's responsibility to do the things that have been agreed.

Further guidance on writing minutes can be found in leaflet [C13 Writing Minutes](#).

Dealing with the Minister

Most Baptist churches have a Minister, lay-pastor or someone who fills this role and the relationship between this person and the Church Secretary is a crucial one. Although any relationship will take time to grow a Church Secretary should do everything possible to maintain a good working relationship with their Minister or lay-pastor, in the context of mutual accountability, support and encouragement.

The Secretary will have a heavier responsibility when there is no Minister and may find it helpful to seek advice from their Regional Minister about appointing a Moderator. Churches looking to appoint a new Minister will find it helpful to download "[Facing a Pastoral Vacancy](#)" from the BU website.

Dealing with the Baptist Union Annual Return

Each year the Church Secretary will be asked to complete an Annual Return for the Baptist Union. This is vital in keeping the 'National Baptist Database' accurate for use by staff in the three Specialist Teams at Baptist House and the Regional Associations.

At other times changes of key personnel in the church (Minister, Church Secretary, Church Treasurer, Home Mission Rep etc.) and/or their contact details should be updated using the [BUGB Church Update system](#).

Dealing with 'all the rest'!

- The Church Secretary will often need to 'take the initiative' noticing tasks which need to be done and

ensuring someone does them.

- It is important that the Secretary understands how the church should function. Many churches have rules about calling meetings and arranging elections of Charity Trustees, Deacons, Elders and the Minister. Although the church Constitution should be available to everybody it is important that the Church Secretary understands the details so that appropriate arrangements can be made.
- A Church Secretary will want to ensure that publicity about church events - rotas for various tasks and the church notice boards are managed well.
- If the Minister is on holiday or away from the church for some other reason it is usually the Church Secretary who makes arrangements for someone else to lead the service. This can be a visiting preacher but there maybe somebody within the church that can do this. Whatever is arranged the details need to be sorted out properly - and in good time. If there is a visiting preacher and, for example, you are celebrating Harvest Festival, please tell them. They will also need to know how to find your church, the time of the service, the song book that is generally used and other practical details.

THE ROLE OF CHURCH TREASURER

WHAT IS A CHURCH TREASURER AND HOW ARE THEY APPOINTED?

In essence the Church Treasurer is the person who looks after the church money and accounts but it should always be remembered that there is shared financial responsibility and accountability with the other Trustees and the Treasurer should not act without authority from that group. Nevertheless, the Treasurer will normally have specific responsibility for the payment of bills, banking, gifts and donations and keeping proper financial records.

Because the task of 'Treasurer' can be very time consuming, often some of the tasks are delegated to other individuals within the church. This may mean, for example, that somebody else deals with the administration of the Gift Aid scheme or takes primary responsibility for the counting and banking of the offering alongside another individual – this is a task that must not be undertaken by one person on their own.

The Treasurer will still need to oversee these tasks but it is important that other members of the church realise that the Treasurer will sometimes need help. This is because certain tasks should not be carried out by an individual on a regular basis over an extended period of time. It is only fair to a Treasurer that they are properly supported and that people take their turn in helping with tasks such as counting the offering where openness and mutual accountability are essential - for the benefit of the church and - more importantly - for the benefit of the Church Treasurer.

Some churches have a finance group who work with the Treasurer. This might be a subgroup from among the Trustees, but at other times it will be members of the church who have particular skills that will be helpful. Other churches will have a 'Bookkeeper' (voluntary or paid) who does most of the day-to-day work leaving the Treasurer to deal with financial strategy and planning.

Treasurers are not 'financial directors' who control the purse strings only allowing money to be spent on their favourite projects. The Treasurer must be able to manage the church's financial resources ensuring that they are spent effectively, whilst preventing the extremes of either overspending or the accumulation of huge reserves.

Ideally, the Treasurer should have some knowledge of financial matters and accounts but this is not always possible. Someone who is well organised and willing to learn the job can take on this task. The willing volunteer with reasonable skill, the right personal and spiritual qualities and who can work diligently may be better than someone with greater technical knowledge of accounts but who does not have the time or enthusiasm to do the job well.

A Treasurer should be able to inform the rest of the Trustees and church members about the church's financial situation on a regular basis. Sometimes it may be necessary to warn the church that a project must be reconsidered because there is not enough money to cover the costs. At other times the church can be encouraged to spend resources it has received on its primary objects through new activities and projects.

Some churches always choose their Church Treasurer from among the Charity Trustees. In other churches the Church Treasurer will be chosen from among the whole membership. When this happens, the Treasurer will automatically become a Charity Trustee because they have an important role within the church. The selection/appointment process will vary from church to church so check your church's constitution or other governing document to see what your church has in place.

WHAT ARE THE MAIN TASKS INVOLVED IN BEING A CHURCH TREASURER?

Counting and Banking the Offering and other Donations

Two people should be present throughout the counting, recording and bagging of the weekly offering. This should be done promptly and certainly it should be done before money is taken off the church premises. Without proper records of cash received, checked by more than one person, it is impossible to counter any suggestion, however unfounded, that money has been misused. It is preferable that this responsibility is rotated rather than having the same two people each week. The actual banking of this money is often delegated to somebody who has time to visit the bank. Many churches encourage members to give by standing order and this can be very helpful in limiting the amount of time spent counting and recording cash income.

Making Payments

This will include the payment of bills, reimbursing expenses, paying visiting preachers and passing on charitable donations. Always pay promptly. Good security and dual authorisation (whether by signature or electronically) should be adhered to, to safeguard assets and avoid allegations that might arise due to a weak financial/ payment system. There are a number of banks who allow dual authorisation of electronic payments before the funds are released.

All cheques should require two signatures to ensure security and accountability. Choose enough people as joint signatories to ensure that there are people available to deal with this even at holiday time. Acting in the best interests of the church, and of the Treasurer, the Charity Trustees, who have shared legal and financial responsibility, should never allow blank cheques to be signed.

When paying visiting preachers, the Treasurer should decide in advance how much will be given and just give it! This should be enough to cover travel expenses plus something towards the time that has been given to preparation. Asking the preacher to state their expenses can be embarrassing for everyone!

Keeping Accurate and Up-to-Date Records

All donations and payments should be recorded as soon as possible. Some Treasurers will keep their records in a basic accounts book but most will use a suitable computer programme or spreadsheet. The format is not as important as keeping the records up-to-date so that it is possible to give a report on the church's financial position when it is needed.

Preparing and Agreeing a Budget for the Church

This is a very important area.

- Other people will need to help the Treasurer with this task and where there is a finance group they will be able to help the Treasurer.
- The Treasurer will need to talk to others about their plans so that the budget is a sensible forecast of the income and expenditure. There will need to be a review of the costs that were actually incurred in the past year, the actual income and realistic estimates will need to be made for the coming year.
- We would want to suggest that outside giving should form part of the Budget with at least 5% of General Fund income being allocated for the work of each of BMS World Mission and the Home Mission Fund.
- Setting a reserves policy is an important part of the planning and budget process. You may find it helpful to read the leaflet prepared by the BU Finance Team F07: *Charity Reserves*
- Once the budget is agreed it will be a very useful tool. Churches will vary as to the arrangements that are made for spending money. Sometimes the Treasurer is allowed to make payments up to a pre-agreed amount without reference to the Deacons. Sometimes, once a budget is agreed, the Treasurer is able to make payments (particularly smaller payments) without reference to others provided the item of expenditure falls within a category in the agreed budget.
- The budget can also be very useful as a means of checking whether the forecasts that have been

made are worked out in practical reality. If the expenditure matches the budget but only half of the predicted income has been received adjustments will need to be made. Hopefully, the budget will help the Treasurer and church leaders to identify problems. It is vital that the financial aspects of church life are considered regularly, not just once a year when the annual accounts are presented.

Regularly Reporting to the Leaders and Church

All the leaders in the church, who are usually identified as the Charity Trustees, will need to be kept aware of the church's financial position and, in particular, how the current income and expenditure compares with the budget. One way to do this is to prepare a brief monthly statement or summary of the church's current position. If this is done in exactly the same way each month the leaders and church members will learn to read the statement, understand the financial information it contains and assess whether any special action is needed.

The Treasurer will also report to church members' meetings on a regular basis but there will be a special presentation when the annual accounts are prepared. It is usual for church members to receive copies of the accounts and for these to be formally approved by the church members. This is an opportunity for them to ask questions and perhaps give guidance to the Treasurer on matters that should be considered for the future.

Preparing Accounts

The Treasurer needs to ensure that the church's annual accounts are prepared in the correct format and checked each year. For information about the technical details that are involved please refer to the accounting guidelines leaflets prepared by the Baptist Union of Great Britain. There are different leaflets for churches with an income under £250,000 and above the £250,000 limit.

The requirements for checking accounts vary depending on the income of the church. Some will need to be 'independently examined' but churches with a large income will need a professional audit.

Paying the Minister

This will involve dealing with tax, national insurance and pension contributions. Where a new Treasurer is taking over from someone else, help may be needed until the processes involved are understood. Help and advice is available from a number of sources such as the Baptist Union of Great Britain Finance Team or the local Association Treasurer.

Some Associations operate a payroll scheme to relieve Treasurers of this task.

Administering the Gift Aid Scheme

Gift Aid enables a charity to recover tax. For full details of what this involves please refer to the Baptist Union of Great Britain Gift Aid guideline leaflets. This is a task that can easily be delegated.

Bank Reconciliation

Many of us are used to checking our personal bank statements to ensure that the payments into the account and the withdrawals from the account are correct. A Church Treasurer should do this at least once a month to ensure that the church's records can be 'reconciled' with the bank statements. Doing this on a regular basis will mean that any mistakes are identified. Finding a mistake in the records for a month is much easier than finding a mistake for a whole twelve-month period when the accounts need to be finalised and balanced.

ASSOCIATION OF CHURCH ACCOUNTANTS AND TREASURERS

We would encourage all Church Treasurers to join the Association of Church Accountants and Treasurers (ACAT). The Baptist Union pays an annual subscription to ACAT on behalf of all BUGB member churches, so that every Church Treasurer may apply for membership. Each Church Treasurer will have access to the comprehensive ACAT Introductory Guide for New Church Treasurers as well as regular updates and newsletters. For more information please visit www.acat.uk.com. Login details for the members' area of the ACAT website may be obtained from the BUGB Finance Office.

WHERE TO GO FOR HELP

Baptist Union Guideline Leaflets

These are all available to download from our website www.baptist.org.uk/resources

The Legal and Operations Team have produced leaflets on a wide range of charity, legal and property issues. The full list can be found at http://baptist.org.uk/Articles/369702/BUC_Guideline_Leaflet.aspx but here are some which will be of particular interest to Charity Trustees:

- C01: Charity Legislation and Churches
- C03: Church Constitutions
- C06: Churches and Charity Registration
- C11: Churches, Charities and Incorporation
- C20: Help We're a Small Church
- C21: Church Life Risk Assessment

- L01: Churches and Community Partnerships
- L08: Employment
- L10: Health and Safety and Fire Precautions
- L12: Churches and Disability Issues
- L16: Legal Liability of Church Members in a Baptist Church

- M01: Loans to Churches
- M06: Grants for Building Work

- PC02: Boundaries, Fences, Hedges and Problems
- PC04: Redeveloping or Altering Church Premises
- PC10: Hiring of Church Premises
- PC11: Churches and Leases

- PM01: Buying a Manse
- PM02: Selling a Manse
- PM04: Letting a Manse
- PM06: Manse Occupancy

The Finance Team have produced a series of financial guideline leaflets which will be helpful to church treasurers. They can be found at <http://baptist.org.uk/Groups/220872/Finance.aspx>

Baptists Together

Staff in our Specialist Teams and in your local Association will always be pleased to help you. If they don't know the answer to your question they will try to find someone who does.

For contact details see www.baptist.org.uk/specialistteams or www.baptist.org.uk/associations

The Charity Commission

Website: <https://www.gov.uk/government/organisations/charity-commission>

They have produced many leaflets which can all be downloaded from the Publications section of their website. We would recommend that all Trustees read *CC3: The Essential Trustee: What you need to know* and their [5 minute guides for charity trustees](#).

Charity Trustee Welcome Pack

The Commission will send [this](#) welcome pack to all new trustees of registered charities.

Charity Governance Code

A new Charity Governance Code was published in July 2017. This is available online here: <https://www.charitygovernancecode.org/en/pdf> . The version for 'smaller charities' applies to Baptist churches.

Although the Code is not a legal or regulatory requirement, the Charity Commission will expect charity trustees to be familiar with it. The Commission says: "The Charity Governance Code represents a standard of good governance practice to which all charities should aspire. We encourage all charities to read, follow and apply it proportionately to their circumstances".

Your Insurance Company

Insurance companies are keen to promote best practice amongst their customers and may be able to give guidance. Leaflets are often available and sometimes visits to your church building can be arranged to check for obvious risks.

Association Trust Company	Contact
Baptist Union Corporation Ltd East Midland Baptist Trust Company Ltd	Baptist Union Corporation Ltd Baptist House PO Box 44 129 Broadway Didcot Oxfordshire OX11 8RT Telephone: 01235 517700
Heart of England Baptist Association	Heart of England Baptist Association 480 Chester Road Sutton Coldfield B73 5BP Office Mobile: 0730 505 1770
London Baptist Property Board	London Baptist Association Unit C2 15 Dock Street London E1 8JN Telephone: 020 7692 5592
Yorkshire Baptist Association	17-19 York Place Leeds LS1 2EZ Telephone: 0113 278 4954
West of England Baptist Trust Company Ltd	West of England Baptist Trust Company Ltd Little Stoke Baptist Church Kingsway Little Stoke Bristol BS34 6JW Telephone: 0117 965 8828

This is one of a series of *Guidelines* that are offered as a resource for Baptist ministers and churches. They have been prepared by the Legal and Operations Team and are, of necessity, intended only to give very general advice in relation to the topics covered. These guidelines should not be relied upon as a substitute for obtaining specific and more detailed advice in relation to a particular matter.

The staff in the Legal and Operations Team at Baptist House (or your regional Trust Company) will be very pleased to answer your queries and help in any way possible. It helps us to respond as efficiently as possible to the many churches in trust with us if you write to us and set out your enquiry as simply as possible.

The Legal and Operations Team also support churches that are in trust with the East Midland Baptist Trust Company Limited.

If your holding trustees are one of the other Baptist Trust Corporations you must contact your own Trust Corporation for further advice. A list of contact details is provided above. If you have private trustees they too should be consulted as appropriate.

Contact Address and Registered Office:

Support Services Team, Baptist Union of Great Britain, Baptist House, PO Box 44,
129 Broadway, Didcot OX11 8RT
Tel: 01235 517700 Fax: 01235 517715 Email: legal.ops@baptist.org.uk
Website: www.baptist.org.uk Registered CIO with Charity Number: 1181392

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