

**Report to the Church Council, Hatfield Road Methodist Church**

**Church Council as Managing Trustees**

**1 Introduction**

This briefing note has been prepared to help those recently appointed to the Church Council who are also the managing trustees of the church property and finances. It may serve as a useful reminder to those who have been members for some time.

**There is a Recommendation at the end of this report.**

**2 Legislation**

2.1 The Methodist Church is governed by The Deed of Union 1932, The Methodist Church Acts 1939 and 1976, The Model Trusts (part of the 1976 Act), decisions of the Methodist Conference and its Standing Orders contained in The *Constitutional Practice & Discipline of The Methodist Church*, Volumes 1 and 2, the Charities Act 2006 and a variety of other legislation. The Charity Statement of Recommended Practice (SORP), Health & Safety, Data Protection and Environmental Health are examples.

2.2 The local church is part of a wider Circuit. Several Circuits normally comprise a District. All the Districts make up the Connexion called The Methodist Church in Britain. See the attached organisational diagram which shows how the different parts fit together. There is also a map of the Methodist Districts.

**3 Charitable Status**

3.1 In law, each Methodist Church is a separate charity. If its annual income is more than £100,000 it needs to register with the Charity Commission and be given a charity number. Hatfield Road's income is lower, does not need to register and does not need to submit an annual report to the Charity Commission. A Statutory Instrument No. 2014 No. 242 gives it an *excepted* charitable status. However, it does need to prepare an Annual Report and Statement of Accounts and the Charity Commission can at any time ask to see the report of any church.

3.2 Churches have to prove that they have a ‘public benefit’ and have due regard to the public benefit guidance published by the Charity Commission in compliance with its duties under section 17 of the Charities Act 2011.

3.3 This guidance sets out two key principles:

* The organisation must have an identifiable benefit.
* The benefit must be to the public or a section of the public.

3.4 The Church exists, inter alia, to:

* increase awareness of God’s presence and to celebrate God’s love;
* help people to learn and grow as Christians, through mutual support and care; and
* be a good neighbour to people in need and challenge injustice

and for these reasons the church meets these public benefit requirements.

**4 Charity trustees have full responsibility for the charity**

4.1 and must:

* act together and in person and not delegate control of the charity to others
* act strictly in accordance with the charity’s governing document
* act in the charity’s interests only
* manage the charity’s affairs prudently and take a long-term as well as a short-term view
* not derive any personal benefit or gain from the charity of which they are trustees
* take proper professional advice on matters in which they are not themselves competent.

4.2 Trustees will be put at risk of personal liability only if they cause loss to the charity by acting:

* unlawfully
* imprudently
* outside the terms of the charity’s governing document(s)
* commit the charity to debts which amount to more than its assets.

**5 The Church Council**

The Church Council is the governing body of the local church. Its members are the charity trustees and the managing trustees. It has authority and oversight over the ministry of the church, including the management of its property. In practice, some of this work is devolved to smaller committees with authority to initiate action and co-ordinate the work done in their own areas of authority. However, they have to report to and advise the Church Council and are subject to its authority and oversight.

**6 Church Council as charity trustees**

6.1 No-one can act as a trustee if they:

* are under eighteen years of age
* are disqualified under the Charities Act, 2006
* have an unspent conviction for an offence involving dishonesty or deception (such as fraud)
* are bankrupt or have entered into a formal arrangement (eg an individual voluntary arrangement) with a creditor
* have been removed as a company director or charity trustee because of wrongdoing.

6.2 Each year individual members of the Church Council are expected to complete a declaration about their eligibility to be appointed as a charity trustee. A copy of that Declaration is attached together with links to the relevant documents\*.

6.3 The different parts of The Methodist Church in Britain have managing trustees with responsibility for the various aspects of property and finance. For example, the circuit meeting is the managing trustees for manses where ministers live; the church council for the church property and finances.

6.4 As Managing Trustees under Methodist "law" members are still charity trustees but also act in accordance with the legal structures of the church.

6.5 There is a separate organisation, the *Trustees for Methodist Church Purposes (TMCP),* who are the custodian trustees. It is a "Body Corporate" constituted under the Methodist Church Act 1939 to hold Methodist land and buildings, legacies, endowments and accumulated funds for and on behalf of local trustees of the Methodist Church.

**7 Church money**

7.1 The church receives money from a variety of sources and needs to properly account for that income. The sources include regular giving through the Offertory, standing orders, property lettings, donations, bequests and subscriptions to church organisations.

7.2 The Church Council is responsible for the funds of the local church. It appoints the Church Treasurer who becomes a member of the Church Council. The Treasurer is responsible for looking after the church finances throughout the year.

7.3 This is done by:

* receiving and accounting for all income to the church and its organisations
* making payments on behalf of the church
* recording the church's financial transactions
* preparing the financial accounts for all funds under the control of the Church Council, arranging for the audit or independent examination of those accounts
* preparing The Standard Form of Accounts for submission to the Church Council then to the Circuit Treasurer
* filing all financial records safely for 6 years.

7.4 The Treasurer will provide the Church Council each year with a recommended budget, then more regular statements of income and expenditure and statements of accounts. These will show how the funds are being managed and used. That regular information will show the approved budget, the income and expenditure to date and the likely outcome at the end of the financial year (31 August). The information will also display the actual expenditure for previous years to show financial trends. The gross income of the church must include totals from groups which come under the control of the Church Council. Those groups are required to make an annual report to the Church Council and provide evidence of their finances.

7.5 Money collected for outside bodies (eg Christian Aid, Fund for World Mission) does not form part of the local church's gross income though it may be passed through the church's books.

7.6 The church financial records and those of its various organisations will be examined by either an auditor or an independent examiner if the income is below a specified audit threshold.

7.7 Charities with gross annual income of more than £25,000 are required to have their accounts independently examined or audited - below that threshold, an external scrutiny of accounts is only needed if it is required by the charity’s governing document.

7.8 The type of scrutiny needed depends on the income and assets of the charity. An independent examination is needed if gross annual income is between £25,000 and £1 million and an audit is needed where the gross income exceeds £1 million. An audit will also be needed if total assets (before liabilities) exceed £3.26 million, and the charity’s gross income is more than £250,000. For Hatfield Road Methodist Church an independent examination is required.

**8 Recommendation**

The Church Council is asked to:

* receive this report
* note its responsibilities as managing trustees
* adopt its use as the basis for good trustee practice
* use the information to induct new members of the Church Council.

**These notes apply to England & Wales, whilst different arrangements exist in Scotland, Isle of Man**

**and the Channel Islands.** \* The links to relevant documents are as follows:

**Safeguarding Children and Young People and such of the associated guidance as is relevant to your charity.**

*https://www.gov.uk/government/publications/safeguarding-children-and-young-people/safeguarding-children-and-young-people*

**Charity Commission: Examples of Personal Benefit**

*https://www.gov.uk/government/publications/examples-of-personal-benefit/examples-of-personal-benefit*

**Charity Commission: CC3 The Essential Trustee**

*https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3/the-essential-trustee-what-you-need-to-know-what-you-need-to-do*

Methodist Safeguarding Children & Young People

*http://www.methodist.org.uk/downloads/safe-update-3-1110-childrenandyoungpeople.pdf*

Methodist Safeguarding Vulnerable Adults

*http://www.methodist.org.uk/downloads/safe-update-4-1110-adults.pdf*

Charity Commmission: CC30 Finding New Trustees

*https://www.gov.uk/government/publications/finding-new-trustees-cc30/finding-new-trustees*

Chris Kitchin, Church Council Secretary, July 2016

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**The Local Church**

 **Trustee Eligibility Declaration**

|  |  |
| --- | --- |
| **Organisation’s Name** | **Hatfield Road Methodist Church, St Albans** |
| **Number of Trustees** | 27 |
| **Working with vulnerable groups**  Tick this box if your organisation works with vulnerable people (including children) and **you declare that** you have: |  |
| *Read and understood the Charity Commission’s safeguarding guidance carried out all trustee eligibility checks the law requires and on the basis of those checks are satisfied that the people acting as trustees are both eligible and suitable to act as trustees of this charity.* | |

**Trustee eligibility and responsibility**

By completing and signing this form, **you declare that** you:

• are willing to act as a trustee of the organisation named above

• understand your organisation’s purposes (objects) and rules set out in its governing document

• are not prevented from acting as a trustee because you:

- have an unspent conviction for an offence involving dishonesty or deception

- are currently declared bankrupt (or subject to bankruptcy restrictions or an interim order)

- have an individual voluntary arrangement (IVA) to pay off debts with creditors

- are disqualified from being a company director

- are subject to an order made under section 429(2) of the Insolvency Act 1986

- have previously been removed as a trustee by us, the Scottish charity regulator or the High Court due to misconduct or mismanagement

- have been removed from management or control of any body under section 34(5)(e) of the Charities and Trustee Investment (Scotland) Act 2005 (or earlier legislation).

**You also declare that:**

* the information you provide to the Charity Commission is true, complete and correct
* you understand that it’s an offence under section 60(1)(b) of the Charities Act 2011 to knowingly or recklessly provide false or misleading information
* your organisation’s funds are held (or will be held) in its name in a bank or building society account in England or Wales
* you will comply with your responsibilities as trustees - these are set out in the Charity Commission guidance ‘The essential trustee (CC3)’
* (if applicable) the primary address and residency details you provide in a charity registration application are correct and you will notify the Charity Commission if they change.

**Personal benefit**

If your organisation pays (or will pay) any trustee for being a trustee OR any trustee or person connected to them for providing goods and services, you declare that this will be in the organisation’s best interests, be lawful and authorised, help the organisation carry out its purposes (or be a necessary by-product of it carrying out its purposes).

Trustees must read the following Charity Commission guidance documents before signing:

* Safeguarding Children and Young People and such of the associated guidance as is relevant to your charity.
* Examples of Personal Benefit, CC3 – The Essential Trustee, CC30 – Finding New Trustees.

Signing this declaration without having read these documents will result in the submission of a false declaration. The submission of a false declaration may lead to civil legal proceedings against any or all of the charity trustees and may lead to the disqualification of any or all of the charity trustees. *It is also an offence to act as a trustee knowing that you are barred from doing so.*

|  |  |  |  |
| --- | --- | --- | --- |
| Trustee's full names  *(eg Mary Jane SMITH)* |  | Date of birth (dd/mm/yy) |  |
| Home address |  | | |
| Signature |  | Date (dd/mm/yy) |  |