

Are your trustees making the right decisions?

This is what trustees need to do...

Follow the principles

Trustees will need to work together to make the best decisions for your charity.

Often there will not be a perfect solution but it must be an informed and responsible one for your situation.

The standard must be that your trustees:

- act within their powers
- act honestly and with good intentions, and only in your charity's interests
- be sufficiently informed, taking any advice needed
- take account of all relevant factors
- ignore irrelevant factors
- manage conflicts of interest
- make a decision that is within a range of decisions that a reasonable body of trustees can make.

These principles should always guide the approach. But make especially sure that your trustees can show that you have used them for decisions which are:

- complex, or
- high impact, or
- involving significant money or other property, or
- high risk

There are some practical things you can do and think about to support these principles so that your charity makes decisions correctly. We have summarised them here.

Keep records from the start

Record meeting minutes and ensure the following are included:

- meeting dates and who attended
- any conflicts of interest – who they affected and how you handled them
- what information and advice was used
- options considered and the main reasons for decisions
- any disagreements worth noting
- the results of any vote

Check that this is happening so that you can show that you have acted properly.

Follow your charity's rules and the law

Your charity's governing document, and some laws, set out the powers you can use to run your charity to help deliver its charitable purposes. For example, most trustees have powers to invest and borrow money.

Trustees must:

- only make decisions that deliver your charity's purposes
- have the right powers to carry out your decision

Take advice if you are unsure about what you are allowed to do.

Get the information needed

Your trustees need to think about what they might need to know before they can make a decision.

They must take enough time to consider:

- relevant information to help understand the situation and options
- what else is needed, and how you will get it
- how they will use that information
- any guidance that applies to the decision

It's ok to ask others at your charity, for example your staff, to help you collect and analyse information. But trustees are responsible for understanding and, if appropriate, challenging that information, and for making the final decision.

Only use relevant information

Focus on information and evidence which helps trustees decide what is best for the charity. Trustees must not allow personal motives or prejudices to affect how they decide things.

Consider getting advice

Trustees must use any skills or experience they, as individuals, have to help the other trustees through the decision-making process.

Sometimes the trustees may need advice to help them reach a decision. Your charity can pay for the cost of this where it is for the charity only.

Check that your adviser:

- has the right qualifications or expertise
- is well informed about the issue you are deciding on.

Consider who else to check with

Before you make important decisions, think about whether you should get the views of people such as the charity's:

- beneficiaries
- members
- donors or supporters

Check your governing document. Some charities have members who can make certain decisions.

Plan your meetings

You must usually make your decisions at meetings. Follow your governing document on when to call and hold meetings, and how to run them.

Manage the conflicts of interest

At the beginning of your trustee meeting ask about conflicts of interest.

Do not assume these do not affect you and the other trustees. Conflicts of interest are common.

Conflicts of interest may also arise during the meeting even though they were not identified at the start. Be aware of this and be prepared to manage the situation.

Work together to make decisions

Trustees should attend trustee meetings.

Trustees must make decisions together. This is because every trustee, including anyone absent:

- is responsible for those decisions made at the meeting
- must support and carry out decisions

Do not just go along with the opinions of one person or allow some trustees to drive through decisions without discussion. This is particularly important if you think a decision goes against the principles.

If a trustee disagrees

If an individual trustee strongly disagrees with a decision:

- share their views and any information and knowledge with the other trustees
- ask for the disagreement to be recorded

But a trustee must follow a valid decision (one made using the principles) even if they disagree with it.

If a trustee cannot do this, the trustee should consider resigning.

Involve others at your charity

You may be able to delegate some decision-making to others at the charity, for example staff, volunteers, or trustee committees. Many charities have the power to do this. But all the trustees remain responsible for any delegated decisions.

When staff or others are given responsibility for decisions, tell them:

- what they can and cannot decide
- when and how to report back to you

You can also ask staff and others to attend your trustee meetings to provide information and advice, though you remain responsible for making the final decision.