



# Trustee handbook for Making Music members

This handbook has been put together by the Charity Commission and Making Music to help trustees of Making Music member groups. The guidance will help you manage your charity and answers some of the most common questions about your responsibility as a committee member (trustee) of a charity. It also contains full details of how to manage your relationship with the Charity Commission.

It's designed to help if:

- You are a new trustee
- You have just become your charity's main administrative contact with the Charity Commission
- You are handing over administrative responsibility to another trustee
- You are an existing trustee and want to ensure that you are acting correctly

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We would like to say a big thank you to the Charity Commission for helping us to develop this resource for our members.

Throughout the document you will see embedded links to other websites and online documents. The full urls for these links can be found in the 'Links and other Guidance' section at the end of the handbook.

## Charity registration and governance

The Charity Commission and Making Music enjoy a strong relationship. Making Music can help with registering your charity providing you are a member.

The Charity Commission and Making Music have [jointly approved a Constitution](#) (sometimes called a governing document) for members of Making Music and providing you don't make any changes to this document, and you are entitled to use it as a member group, your application for registration to the Charity Commission will take considerably less time to process.

If your annual income is less than £5000 and you are not seeking to register as a Charitable Incorporated Organisation (CIO) then you should not apply for registration (CIOs must register with the Charity Commission whatever their income). You can instead ask HMRC to recognise your charity for tax purposes. This means you can claim Gift Aid on donations as well as some other tax benefits.

Find out more about [Charities and tax here](#) and [register with HMRC here](#). For Gift Aid see our [Resource library](#).

### Important notice:

- Your constitution is an extremely important document and all trustees must read this as it effectively sets out your rules in managing the charity. Everything you do must be read alongside the governing document.

## Can anyone be a trustee?

The trustees are the committee and the committee are the trustees. You cannot be a member of the committee of the charity and exercise voting rights and not be a trustee – this is impossible. If you are not willing to act as a trustee and take responsibility for the charity then unless you have a non-voting role on the committee and (very importantly) your constitution permits this you cannot be a trustee.

Some people cannot legally become trustees. This includes anyone who:

- Has an **individual voluntary arrangement** (IVA) with creditors
- Has been convicted of any offence involving **dishonesty or deception**
- Is an **undischarged bankrupt** or is subject to bankruptcy restrictions or an interim order
- Is **disqualified** from being a company director
- Has previously been removed as a trustee by either the Charity Commission or by the High Court due to **misconduct or mismanagement**

### Important notices:

- Before accepting the role of trustee you should check the [Trustee Eligibility checklist](#) to ensure that nothing legally prevents you from becoming a trustee
- Existing trustees must check that all those standing for election are eligible. The simplest method is by requiring all prospective trustees to complete and sign the Trustee Eligibility checklist. Please note that unless you are applying to register a new charity do not send this to the Charity Commission, it is for your records.
- If you need new trustees please read the publication [CC30 – Finding new trustees](#) that sets out the different types of trustee appointment/selection and what you should be looking for to ensure that new trustees have the skills that complement the rest of the committee

## New trustee checklist

As a new trustee, you should ask the chairperson or secretary of the committee for a copy of your charity's key documents. This will help you:

- Understand how your charity operates
- Work out how your skills and experience can help with the charity's management and administration

The following template can be used so you can confirm your receipt of key information. Do not send it to the Charity Commission:

Received?	Document	Description
	Constitution (rules)	The legal document which sets out your charity's aims ('purposes') and – usually – how it should be run.
	Charity accounts	The accounts for the last financial year explain how the charity's resources are obtained and used. They will also tell you about your charity's financial situation.
	Trustees' annual report	The trustees' annual report explains what your charity is trying to do (charitable objects); how it does it; whether it's met its aims and how it works for the public benefit
	Minutes of committee (trustee) meetings	The minutes record what was discussed and agreed at any committee meetings. They can be used to record where a decision has been made,
	Knowledge of who has the password to the Commission services	There is information you have to give to the Charity Commission once a year. This is done through your charity's online account with the Commission. Make sure the login to this account remains with an existing trustee. It is important to remember this when committee members are leaving so there can be a handover.
	Key guidance	The following guidance is aimed at helping you understand your duties as a trustee and how to manage your charity effectively: <a href="#">The essential trustee: what you need to know (CC3)</a>

## What do I need to prepare and send to the Charity Commission?

The information you have to give to the Charity Commission each year depends on the income of your charity. We have provided a quick view reference table below and [you can find more details here](#). Making Music will also be able to assist their members with these requirements.

The information has to be sent electronically so it is best to pass responsibility for this to at least one trustee who is computer literate.

Income \ Requirement	£5000 to £10,000	£10,000 to 25,000	£25,000 to £250,000*
<b>Register with Charity Commission</b>	Yes	Yes	Yes
<b>Complete Annual return</b>	No - but you must keep your registered details up to date (income, expenditure, trustees, contact details.	Yes - within 10 months of end of Financial year	Yes - within 10 months of end of Financial year
<b>File Annual accounts</b>	No - but accounts must be available for inspection	No - but accounts must be available for inspection	Yes as part of Annual return
<b>File Annual trustees report</b>	No - but must be available for public inspection	No - but must be available for public inspection	Yes as part of Annual return

\*Charities with an income over £250, 000 can contact Making Music to find more details

#### Important notice:

[UK Online Centres](#) provide free and low-cost help with computers and the internet.

#### What do we have to send the Charity Commission?

The first thing is to obtain is a password to the Charity Commission's online area. If you've forgotten your password, or don't have one, you can [order another password](#)

#### Important notices:

- When contacting the Charity Commission for a new password please ensure that you are one of the listed trustees on the charity's register entry, if you are not, this will cause delays.
- Always ensure that the password remains in the hands of an existing trustee. Too often the trustee with the password ceases to be a trustee and doesn't hand the password over, causing problems.

#### I have a password what do I need to do now?

If you are your charity's main contact, you will need to visit the [Charity Commission website](#) to complete your annual return every year. If your charity income is over £25,000 you must also:

- Upload your charity's accounts as a PDF file only
- Upload your trustees' annual report as a PDF file only

The Charity Commission does **not** need a signed copy of either document.

**Important notices:**

You can get guidance on completing the annual return and uploading PDFs from the [Charity Commission website](#)

- View the [video tutorial](#) on the website which will walk you through the annual return form
- Find information here on how to turn paper, scanned or Microsoft Word accounts into PDFs on the Commission's website: [how to create pdfs](#)
- When entering the income and expenditure figures in the Annual Return you should enter the actual figure in pounds and not in thousands of pounds.
- Charities have only 10 months from the end of their financial year to file their documents so leave yourself plenty of time.
- There is no such thing as an extension to the 10 month limit. If you fail to file on time your register entry will be flagged as late and this could affect your relationship with grant funders and your supporters.
- A very useful tool on accounts preparation can be found here: [preparing your accounts](#)

**Take me to:** [Complete your Annual Return, upload your accounts and trustees' annual report](#)

**What else do I need to send to the Charity Commission?**

All the trustees have a legal responsibility to ensure that their trustee details and contact details are accurate and up to date.

**Important notice:**

- The Charity Commission will always communicate with the listed contact for a charity so it is vital that these details are current. To ensure the Commission can contact you about important matters make sure that the email address you provide them with is always up to date.

**Take me to:** [Update your trustee or contact details](#)

**I need to report a serious incident that has affected my charity what do I do?**

Every trustee has a responsibility to report serious incidents to the Charity Commission, for example theft or fraud. Full guidance on the categories of incident and a toolkit on how to protect against fraud in your charity can be accessed below.

**Important notice:**

- Even if you have an unproven suspicion you should report the incident to the Charity Commission
- In all cases of theft or fraud, however small the amount, you must also inform the police.
- When reporting a case of theft or fraud to other trustees or those with an interest in the charity be truthful, but if the matter is being investigated by the police, or if you suspect (but cannot prove) an individual's guilt, you should not name the individual as you could yourself be guilty of defamation.

**Take me to:** [Reporting a serious incident](#)

## I want to close the charity, what do I need to do?

You need to read the wording in your constitution that covers this event. You cannot use the money as gifts to trustees or members of the charity.

Using the form below means that you do not need to send any minutes or closing accounts to the Charity Commission.

### Important notices:

- Always ensure that you notify Making Music and the Charity Commission that you have closed.
- If you don't file your Annual Return for more than two years the Charity Commission will assume that you have closed and remove your registration, so always file on time.

Take me to: [Notify the Charity Commission of closure](#)

## Common issues and FAQs:

There are a range of other questions you may have when running your charity. The most popular of these are below:

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## Meetings and membership

### **We aren't sure about how our member and trustee meetings should be held, can you help?**

The Charity Commission has some good guidance on [Charity meetings: decision making and voting](#). You should read it alongside your Constitution. It explains the different types of meeting that a charity might have and voting arrangements, including nomination procedures for the committee (the trustees):

### **Who can attend general meetings of the charity?**

The members and trustees and anyone else who is invited with the permission of the trustees. Those invited and non-members are not however entitled to vote or have a say in the proceedings unless invited to comment.

### **Who can see minutes of trustee meetings?**

Only the trustees, there is nothing legally binding on a charity supplying minutes to individuals (including members) who are not trustees.

### **We charge for membership, how much is too much?**

There is no magic answer here. As a charity it is acceptable to use membership subs to at least partially cover the costs of the charity but you should not set them so high that you disenfranchise potential members and supporters of the charity. Neither the Charity Commission nor Making Music can provide you with this help. Consult with your own members and think of what the subs are being used to fund. Some charities charge a token membership sub solely to ensure that they know who their members are. Some charities charge to ensure that enough money comes in not only to cater for the members' needs but their activities geared to the wider public.

### **Can we have a vote of no confidence against one of our trustees?**

The simple answer is no. Unless your constitution allows you to do so, any such vote has no standing whatsoever and no-one is obliged to act upon it.

## Trustee payments

### **Can we make payments to Trustees?**

The Charity Commission guidance on [Payments to Trustees](#) is an excellent starting point. The guidance includes a link to an online tool regarding paying trustees. Please follow the tool and select the option you think best describes your circumstances. This will tell you if you need approval from the Charity Commission or can simply proceed with no approval. You must have your constitution to hand when accessing the tool

### **We want to give an Honoraria, can we?**

Many charities wish to give thanks to a trustee for service to the charity. If the gift is a token and small such as flowers, a small gift card or a meal, there is no need to request authority to pay for this out of the charity funds. Always bear in mind the public perception (your members; users of services and grant funders) of how such a gift would look and manage the communications appropriately.

### **Can we pay for a Christmas party for the trustees?**

'We want to pay for the trustees' Christmas party or at least subsidise it.' The same argument as for Honoraria applies here. Bear in mind how it would look and the impact on your members and staff/volunteers if they pay but the trustees do not.

### **What is a conflict of interest?**

Please read the [Charity Commission's guidance on conflict of interests](#) . It is very important that you recognise where an individual might be conflicted, if you do not it can result in problems such as meetings that aren't quorate or decisions that aren't valid:

## **Trustees and decision making**

Trustees must make decisions; this is a large part of their role in directing the charity. If the matter is of a technical nature that the trustees do not feel comfortable in addressing then they must seek their own legal or other professional advice.

Decision making is a collective responsibility. If a trustee does not agree with a decision, they must still go with the majority decision but have their disagreement entered in the minutes of the meeting.

If you feel that one of the trustees is being overbearing in decision making then it is the collective responsibility of the other trustees to rein them in, uncomfortable as this may seem, it is a fundamental responsibility of being a trustee.

Ultimately a decision that creates a deadlock can lead to a dispute amongst the trustees. Both parties should seek mediation. LawWorks does provide assistance in disputes and if they cannot help may be able to signpost to others who do.

The Charity commission's guidance on [Charity Meetings: decision making and voting](#) provides useful advice on this area.

## **Fundraising**

### **Can we raise funds for other organisations?**

You can raise funds for other organisations but only if you can logically argue that it falls within the objects of your charity. Only the trustees can make this decision and they should document their reasons in case they are challenged by their supporters or the public.

When natural disasters occur it is common for charities to want to help by undertaking events to assist in fundraising. You cannot raise funds in the name of the charity and pass money through the charity's accounts unless it falls within your objects. If the members of the charity want to volunteer their services for a paid performance to assist another charity and the money raised is going straight to the account of that charity then that is acceptable.

### **Where can we get more information about types of fundraising?**

Making Music can provide you with information about different types of fundraising that might be suitable for you.

For more details of types of permitted fundraising and the law associated with it you can access the website of the [Institute of Fundraising](#). This is effectively a library of information and they do not provide guidance to individual charities who are not members:



## Fundraising and trading

Charities are allowed to trade to raise funds. Essentially your charity is trading if it sells goods and services to customers – you can find more details on [what constitutes trading here](#)

Your charity will not pay tax on profits it makes from trading if:

- you're making money to help your charity's aims and objectives, known as 'primary purpose trading'
- your level of trade that isn't primary purpose falls below the charity's small trading tax exemption limit (see table below)

Your charity must pay tax on any other profits.

### Primary Purpose trading

Your charity won't pay tax on profits it makes from trading that:

- is part of your charity's primary purpose, for example; if your charitable objects include the public performance of music, selling concert tickets would fall under this.
- helps your charity's primary purpose, e.g. selling refreshments to the audience at the concert

### Trading that is not primary purpose

You are allowed to trade to raise funds when the trading does not relate directly to your charity's main purpose. An example of this might be selling merchandise (CDs, T-shirts, etc.) or selling refreshments to people not attending a concert. This type of trading may still be exempt from tax if it is below the small trading tax exemption:

Charity's gross annual income*	Maximum permitted before tax incurred
Under £20,000	£8,000
£20,001 to £320,000	25% of your charity's total annual turnover
Over £320,000	£80,000

\*Your charity's gross annual income is the total turnover before deducting tax and expenses

If your charity's small trading turnover is higher than the exemption limits then you'll have to pay tax on all of your profits from that trade.

As a trustee it is important that you understand your charity's responsibilities regarding trading and tax. Further information is available from the Charity Commission web site - [how charities may lawfully trade](#)

Detailed information on the taxation of trading profits earned by charities can be obtained from the HMRC website - '[Detailed Guidance notes for Charities](#)' with particular reference [Annex iv: trading and business activities - basic principles](#)

If you are unsure about anything you can contact Making Music for advice or go directly to HMRC. (The Charity Commission cannot help with trading and tax).

You can find out about charities and VAT in the Charity Commission guidance: [Charities and VAT](#) and in our [Resource library](#).

## **We want to be a Charitable Incorporated Organisation or a Charitable Company because we will have limited liability**

Both of these charitable structures will give the trustees and members a limited liability if the charity fails. However, and this is very important, the liability is limited to the extent of the assets of the charity. But if the trustees were not acting with due care and attention then they might still be called to pay for the loss of any money to the charity.

## **Feedback**

This is a pilot document drafted by Making Music and the Charity Commission. We want this document to work and be of real value to you in answering your most common issues and as such we want it to grow and be of increasing worth.

If you have suggestions to improve this then we really need to hear from you, please [answer the few questions in the anonymous survey](https://vovici.com/wsb.dll/s/122beg5640d). (<https://vovici.com/wsb.dll/s/122beg5640d>)

## Links and other Guidance

### Charity commission links and guidance

- General website address - [www.gov.uk/government/organisations/charity-commission](http://www.gov.uk/government/organisations/charity-commission)
- Charities and tax - [www.gov.uk/charities-and-tax/tax-reliefs](http://www.gov.uk/charities-and-tax/tax-reliefs)
- Register with HMRC - [www.gov.uk/charity-recognition-hmrc](http://www.gov.uk/charity-recognition-hmrc)
- Trustees eligibility checklist - [www.gov.uk/government/publications/confirmation-of-charity-trustee-eligibility](http://www.gov.uk/government/publications/confirmation-of-charity-trustee-eligibility)
- Finding new trustees - [www.gov.uk/government/publications/finding-new-trustees-cc30/finding-new-trustees](http://www.gov.uk/government/publications/finding-new-trustees-cc30/finding-new-trustees)
- Essential trustee guidance - [www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3](http://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3)
- Online login services (request a password) - [www.gov.uk/charity-commission-services-log-in-or-get-a-password#request-a-new-or-replacement-password](http://www.gov.uk/charity-commission-services-log-in-or-get-a-password#request-a-new-or-replacement-password)
- Prepare an annual return - [www.gov.uk/prepare-a-charity-annual-return](http://www.gov.uk/prepare-a-charity-annual-return)
- Prepare annual accounts - [www.gov.uk/prepare-charitys-annual-accounts](http://www.gov.uk/prepare-charitys-annual-accounts)
- Update charity and trustee details - [www.gov.uk/change-your-charitys-details](http://www.gov.uk/change-your-charitys-details)
- Reporting a serious incident - [www.gov.uk/how-to-report-a-serious-incident-in-your-charity](http://www.gov.uk/how-to-report-a-serious-incident-in-your-charity)
- Notify of closure - [www.gov.uk/remove-charity-register](http://www.gov.uk/remove-charity-register)
- Meetings: decision making and voting - [www.gov.uk/charity-meetings-making-decisions-and-voting](http://www.gov.uk/charity-meetings-making-decisions-and-voting)
- Payments to trustees - [www.gov.uk/payments-to-charity-trustees-what-the-rules-are](http://www.gov.uk/payments-to-charity-trustees-what-the-rules-are)
- Conflict of interest - [www.gov.uk/manage-a-conflict-of-interest-in-your-charity](http://www.gov.uk/manage-a-conflict-of-interest-in-your-charity)
- Institute of fundraising - [www.institute-of-fundraising.org.uk/guidance/](http://www.institute-of-fundraising.org.uk/guidance/)
- How Charities may lawfully trade - [www.gov.uk/government/publications/trustees-trading-and-tax-how-charities-may-lawfully-trade-cc35](http://www.gov.uk/government/publications/trustees-trading-and-tax-how-charities-may-lawfully-trade-cc35)
- Detailed guidance for charities - [www.gov.uk/government/publications/charities-detailed-guidance-notes](http://www.gov.uk/government/publications/charities-detailed-guidance-notes)

### Making Music links

- Model Constitution and guidance notes: <http://www.makingmusic.org.uk/resource/model-constitution>
- VAT: <http://www.makingmusic.org.uk/resource/value-added-tax-vat>
- Gift Aid: <http://www.makingmusic.org.uk/resources>

### Other links:

- UK online centres - [www.ukonlinecentres.com/](http://www.ukonlinecentres.com/)
- Institute of Fundraising - [www.institute-of-fundraising.org.uk/guidance/](http://www.institute-of-fundraising.org.uk/guidance/)

We hope you find this Making Music document useful - it is intended to give a reasonable summary of the position at the time of writing. If you are aware of any changes to the situation described or have suggestions for further information to be included please contact the Membership Services Team at Making Music 020 7939 6030 or [info@makingmusic.org.uk](mailto:info@makingmusic.org.uk).

Please note that no responsibility for loss occasioned to any person or group acting or refraining from action as a result of any of the contents of this guidance can be accepted by any of the authors or by Making Music, the National Federation of Music Societies.