

Summary of Dr John Picton's presentation to SLSA Board on nonprofit regulations and the duties of trustees (autumn 2023)

- SLSA is a CIO which is like a company not a trust. There is **no trustee liability**.
- It is a membership organisation: the Board is appointed by members and therefore members have control.
- **The regulator is the Charity Commission (CC)**– which acts in the role of a watchdog. It takes a deterrence approach rather than active policing. It has limited resources. It relies on non-statutory compliance and statutory official warnings (eg over non-submission of accounts. It can remove trustees or take over and run an organisation (eg in the case of Ampleforth School).
- **The Board must run the SLSA in accordance with its constitution:**
  - a. states its aims/objectives – to support socio-legal research and education
  - b. outlines duties of trustees (12.1(a) & (b)) namely to further the purposes of the SLSA, act in good faith and look after spending resources.
- All expenditure must be in pursuit of objectives/aims; **trustees cannot be paid**; although they can sell goods and services to the Board they may only do so in good faith and at discretion of the Board – activities must be objectively determinable.
- Trustees must keep in mind **the reputation of the SLSA** – the CC takes the view that there is an obligation to promote the reputation of the charity.
- Trustees must **exercise skill and care in decision-making through good practice**, minute-taking, publication of policy documents etc. Risk assessment is important in this context.
- Courts usually exercise judicial leniency to trustees acting in good faith in order not to deter individuals from stepping up to trustee roles – and the bulk of regulatory work is anyway done by the CC.
- All CIOs must serve the public benefit: **discrimination** is not permitted except if stated clearly in the constitution eg if it is a women's organisation. The powers of the CIO are defined in the constitution.
- CIOs are **permitted to campaign to change law and policy**, but only in a broad sense in pursuit of their stated purpose ie for SLSA this is research and education. Any **campaigning must not be party political**.
- Investment of resources: trustees should think in terms of skill and care and risk to reputation and also bear in mind whether investment is appropriate to their aims eg environmental charities not investing in oil.