
AACT - Responsibilities and duties of trustee-directors

This version was agreed by the Board at its Winter 2010-11 meeting
The next review is due on or before Winter 2013-14

1. Purpose

This document summarises the main duties and responsibilities of trustee-directors. It is based on guidance supplied by the Charity Commission¹ and the NVCO².

2. Overview

Trustee-directors serve on the Board of AACT and together form its governing body. Trustee-directors have, and must accept, ultimate and legal responsibility for directing the affairs of a charity, and ensuring that it is solvent, well-run, and meeting the needs for which it has been set up. As AACT is also a Company Limited by Guarantee, the trustee-directors also serve as directors of the Company and must also ensure that the charity pursues its objectives and purposes as set out in its Memorandum of Association.

3. The Board and attendance at meetings

The Board of trustee-directors takes decisions collectively and meets as often as it must to in order to carry out its responsibilities. Typically that is four times each year and trustee-directors are, save for exceptional circumstances, expected to attend³. Unless otherwise authorised by the Board, three⁴ trustee-directors are required for the Board to be quorate and decisions to be made.

4. Appointment and term of office

Save for people who are ineligible⁵, the Board considers nominations for trustee-directors, which must be received in writing. Trustee-directors are elected to the Board. In accordance with Articles 24 and 25(1), one third of Trustee-directors must resign each year at the annual general meeting. Directors shall retire by rotation based on those who have held office longest since their last appointment. Trustee-directors may stand for re-election.

5. Remuneration, expenses and donations

Trustee-directors will not be paid any remuneration unless explicitly authorised by the Board and in accordance with Section 5(5) of the Memorandum of Association.

6. Compliance

¹ CC3 - The Essential Trustee: What you need to know – see <http://www.charity-commission.gov.uk/Publications/cc3.aspx>

² National Council for Voluntary Organisations; see <http://www.ncvo-vol.org.uk/advice-support/trustee-governance/trustees/responsibilities-duties>

³ See also Paragraph 9viii.

⁴ This is a requirement as set out in the Articles of Association, section 9(2).

⁵ Trustee-directors must be over 18 years old and not having been disqualified as company directors, and/or been convicted of an offence involving dishonesty or deception. In some cases, people beneficiaries may also be ineligible.

Trustees must:

- i. Ensure that the charity complies with charity law, and with the requirements of the Charity Commission as regulator; in particular ensure that the charity prepares reports on what it has achieved and Annual Returns and accounts as required by law.
- ii. Ensure that the charity does not breach any of the requirements or rules set out in its governing document and that it remains true to the charitable purpose and objects set out there.
- iii. Comply with the requirements of other legislation and other regulators (if any) which govern the activities of the charity.
- iv. Act with integrity, and avoid any personal conflicts of interest or misuse of charity funds or assets.

7. Duty of prudence

Trustees must:

- i. Ensure that the charity is and will remain solvent.
- ii. Use charitable funds and assets reasonably, and only in furtherance of the charity's objects.
- iii. Avoid undertaking activities that might place the charity's endowment, funds, assets or reputation at undue risk.
- iv. Take special care when investing the funds of the charity, or borrowing funds for the charity to use.

8. Duty of care

Trustees must:

- i. Use reasonable care and skill in their work as trustees, using their personal skills and experience as needed to ensure that the charity is well-run and efficient.
- ii. Consider getting external professional advice on all matters where there may be material risk to the charity, or where the trustees may be in breach of their duties.

9. Resignation and Removal of trustee-directors

Trustee-directors may resign at any time, provided that:

- i. notice is given to the Board in writing at least 90 days prior to the resignation taking effect;

- ii. at least two trustee-directors remain in office when the notice of resignation takes effect.

Trustee-directors will be removed from office if he or she:

- iii. ceases to be a director by virtue of any provision in the Companies Act or is prohibited by law from being a director;
- iv. is disqualified from being a trustee by virtue of section 72 of the Charities Act;
- v. ceases to be a member of the Charity;
- vi. becomes incapable by reason of mental disorder, illness or injury of managing his or her own affairs;
- vii. is not reelected as a trustee-director by the Board at an annual general meeting;
- viii. is absent, without permission of the Board, for all meetings held within a period of six consecutive months and the trustee-directors resolve that his or her office be vacated⁶.

AE v.0.2 DRAFT, 19/10/10 (following initial feedback from AH)

⁶ Articles of Association, Section 31(6)