

Charitable Incorporated Organisation (CIO) Constitution for a Village Hall

Charity Commission Approved - 2021



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Section 1: Notes on the 2021 Edition

1. Background

Model trust deeds for village halls have existed for approximately sixty-eight years. They were originally issued by the National Council for Voluntary Organisations. In 1987 copyright was transferred, together with the National Village Hall Advisory Service, to the charity ACRE (Action with Communities in Rural England). Models for freehold land and leasehold land are available to people who wish to set up a village hall as an unincorporated trust. This model is for freehold land.

2. Aim of this Model

- (a) Increasingly, ACRE is experiencing demand for a corporate model to be used for a village hall. It is possible for an existing village hall to incorporate itself, but complications will arise where the village hall occupies land which is held as permanent endowment or as designated land. Legal advice will be necessary. See Information Sheet 39: Village halls and incorporation.
- (b) A new village hall, which has no trust deed or other governing document, may choose a corporate model to occupy its premises and to manage the village hall. This Model covers the constitution for a charitable incorporated organisation (CIO) that holds the freehold title to its land and property.

The aim of this Model is to provide for:

- (i) the registration of a CIO with the Charity Commission
 - (ii) the acquisition of the land and the manner in which the hall erected upon it shall be controlled and managed, and the appointment of a committee of trustees to manage the hall and the manner in which the trustees are elected, appointed and co-opted. The trustees for the time being will be the charity trustees within the meaning of section 177 of the Charities Act 2011 and will therefore have the general control and management of the administration of the charity and full responsibility for the management and upkeep of the property.
- (c) This model CIO constitution is based on the foundation model constitution issued by the Charity Commission. This means that, although all CIOs have members (in the same way as all companies have members), only the charity trustees will be the members of a village hall CIO: no other person can become a member. This is normal for village halls, as they have never been membership bodies. This model constitution also includes much of the structure and provisions of the ACRE model trust deed and those familiar with the ACRE model trust deed will recognise these provisions.
 - (d) The 2021 version of this model differs from previous versions in the following key respects (see also associated guidance notes and definitions at the end):
 - New clause 8 provides two options covering the requirement for a public vote on dissolution or disposal of property, coupled with new Clause 4.1 and 29.2 and consequential renumbering.
 - New clause 6.2.7 covers indemnity payments, for use only where the CIO is formed on transfer from an existing hall.

- New clause 11 covers the appointment of officers, reflecting the usual arrangements for halls transferring from unincorporated status.
 - The reference to disqualification of trustees in Clause 12.4.6 now extends to money laundering and terrorism.
 - Clauses 13.2, 19.3 and 20 provide for email, virtual and hybrid meetings.
 - Some of the guidance notes provide additional information and there are two important new guidance notes:
 - Note to Clause 4.5 the power to provide grants
 - Note to Clause 30.2.3 provides a reminder that the Charity Commission must be consulted about the disposal of assets if a hall is to close.
- (e) There is no need for halls which are based on earlier versions of the ACRE CIO model to amend their constitution to include the above changes. However, if any wish to do so e.g. to provide for virtual meetings it is important that any resolution is taken in accordance with the amendment clause of their own CIO.

3. Registration

- (a) This Model has been approved by the Charity Commission for the purposes of registration and the registration process will be quicker and simpler if this printed Model is used and departures from the Model are avoided. The Commission will, where necessary, obtain clearance from HM Revenue & Customs.
- (b) It is also recommended that while still in draft form the constitution is checked by the relevant grant aiding authorities for the area to ensure that it does not conflict with the terms upon which grants are made. Your local ACRE Network member can offer guidance on the draft or on whom to contact.
- (c) It is essential that those responsible for acquiring property for the purposes of a village hall should in all cases consult a solicitor. The solicitor should be independent of all other parties to the establishment of the village hall and should, if possible, be experienced in charity work in general and village and community halls in particular. It is not recommended that the Parish Council solicitor be used: notwithstanding any goodwill on the part of the Parish Council and its solicitor, such solicitor is bound to consider the interests of the Parish Council before those of the village hall. This is particularly important where it is proposed to add or to amend the model constitution. In any event, a solicitor will be needed to deal with the acquisition of the land and to complete the formalities as per section 5 (Legal Formalities) of these notes.

4. Insurance

- (a) Several specialist insurance schemes are available and particulars can be obtained from ACRE or your local ACRE Network member upon request. It is important that village hall trustees keep the property fully insured and also effect other insurance to cover their activities, e.g. public liability insurance and employer's liability insurance where staff are employed; in the event that the charity is uninsured, or underinsured, the trustees may be liable. Insurance cover should be reviewed annually by the trustees.
- (b) If the trustees wish to take out trustee indemnity insurance they may do so in accordance with s.189 of the Charities Act 2011: no power is needed in the constitution. It will be necessary to establish that the trustee indemnity insurance will benefit the

charity and not the trustees. There are various forms of trustee indemnity insurance available offering different types of cover and trustees must take advice on which, if any, would be appropriate. It is no longer necessary to gain Charity Commission approval.

5. Legal Formalities (these notes are primarily for solicitors)

- (a) Charities are exempt from stamp duty land tax (Finance Act 2003, Schedule 8) whether or not they have a charity registration but, where payment of an amount of £40,000 or more is made for the transfer, a stamp duty land tax return must be made online to HMRC in the usual way. Legal advice must be sought in every case.
- (i) Where the transaction consists of a transfer on sale of unregistered land, Land Registry form TR1 must be used and appropriate wording inserted (see section 6 Transfer of Freehold Land, page 6) and an application for first registration of title to the land (Form FR1) must be made to the Land Registry.
- (ii) Where the transaction affects land that is already registered at the Land Registry, Land Registry form TR1 will be needed for registration, once again with appropriate wording inserted (see section 6 Transfer of Freehold Land, page 6) and an application for registration of title to the land (Form AP1) must be made to the Land Registry.
- (c) If land is being purchased from another charity, the vendor charity may first need to obtain the Charity Commission's consent to the sale if it cannot comply with section 117(2) of the Charities Act 2011. The transfer must include a certificate from the vendor to the effect that the transfer has been sanctioned by the Charity Commission, or where s.117(2) of the Charities Act 2011 applies, that the vendor has power to make the transfer and that it has complied with the provisions of that section, so far as applicable to it.
- (d) This Model provides for the title to the land to be acquired by the CIO.

6. Transfer of Freehold Land – Legal formalities (these notes are primarily for solicitors)

Deal with Land Registry Form TR1 overleaf as follows:

6.1 Transferee (box 5): the CIO.

6.2 Additional provisions (box 11): Insert:

“The land hereby transferred will be held by a non-exempt charity, and the restrictions on disposition imposed by section 117 of the Charities Act 2011 will apply to the land (subject to section 117(3) of that Act).”

And, where the transferor is a charity:

“The transferor certifies that [this transfer has been sanctioned by Order of the Charity Commission] [it has power under its trusts to make this transfer and that it has complied with so far as applicable to it.]”

6.3 Box for signatures (box 12): Ensure the CIO executes where indicated.

Any parts of the form that are not typed should be completed in black ink and in block capitals.

If you need more room than is provided for in a panel, and your software allows, you can expand any panel in the form. Alternatively use continuation sheet CS and attach it to this form.

Leave blank if not yet registered.

Insert address including postcode (if any) or other description of the property, for example 'land adjoining 2 Acacia Avenue'.

Remember to date this deed with the day of completion, but not before it has been signed and witnessed.

Give full name(s) of **all** the persons transferring the property.

Complete as appropriate where the transferor is a company.

Give full name(s) of **all** the persons to be shown as registered proprietors.

Complete as appropriate where the transferee is a company. Also, for an overseas company, unless an arrangement with Land Registry exists, lodge either a certificate in Form 7 in Schedule 3 to the Land Registration Rules 2003 or a certified copy of the constitution in English or Welsh, or other evidence permitted by rule 183 of the Land Registration Rules 2003.

Each transferee may give up to three addresses for service, one of which must be a postal address whether or not in the UK (including the postcode, if any). The others can be any combination of a postal address, a UK DX box number or an electronic address.

1	Title number(s) of the property:
2	Property:
3	Date:
4	Transferor: <u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: <u>For overseas companies</u> (a) Territory of incorporation: (b) Registered number in the United Kingdom including any prefix:
5	Transferee for entry in the register: <u>For UK incorporated companies/LLPs</u> Registered number of company or limited liability partnership including any prefix: <u>For overseas companies</u> (a) Territory of incorporation: (b) Registered number in the United Kingdom including any prefix:
6	Transferee's intended address(es) for service for entry in the register:
7	The transferor transfers the property to the transferee

Place 'X' in the appropriate box. State the currency unit if other than sterling. If none of the boxes apply, insert an appropriate memorandum in panel 11.

Place 'X' in any box that applies.

Add any modifications.

Where the transferee is more than one person, place 'X' in the appropriate box.

Complete as necessary.

The registrar will enter a Form A restriction in the register *unless*:

- an 'X' is placed:
 - in the first box, or
 - in the third box and the details of the trust or of the trust instrument show that the transferees are to hold the property on trust for themselves alone as joint tenants, *or*
- it is clear from completion of a form JO lodged with this application that the transferees are to hold the property on trust for themselves alone as joint tenants.

Please refer to [Joint property ownership](#) and [practice guide 24: private trusts of land](#) for further guidance. These are both available on the GOV.UK website.

Insert here any required or permitted statement, certificate or application and any agreed covenants, declarations and so on.

8 Consideration

- The transferor has received from the transferee for the property the following sum (in words and figures):

- The transfer is not for money or anything that has a monetary value

- Insert other receipt as appropriate:

9 The transferor transfers with

- full title guarantee
- limited title guarantee

10 Declaration of trust. The transferee is more than one person and

- they are to hold the property on trust for themselves as joint tenants

- they are to hold the property on trust for themselves as tenants in common in equal shares

- they are to hold the property on trust:

11 Additional provisions

The transferor must execute this transfer as a deed using the space opposite. If there is more than one transferor, all must execute. Forms of execution are given in Schedule 9 to the Land Registration Rules 2003. If the transfer contains transferee's covenants or declarations or contains an application by the transferee (such as for a restriction), it must also be executed by the transferee.

If there is more than one transferee and panel 10 has been completed, each transferee must also execute this transfer to comply with the requirements in section 53(1)(b) of the Law of Property Act 1925 relating to the declaration of a trust of land. Please refer to [Joint property ownership](#) and [practice guide 24: private trusts of land](#) for further guidance.

Remember to date this deed in panel 3.

12 Execution

WARNING

If you dishonestly enter information or make a statement that you know is, or might be, untrue or misleading, and intend by doing so to make a gain for yourself or another person, or to cause loss or the risk of loss to another person, you may commit the offence of fraud under section 1 of the Fraud Act 2006, the maximum penalty for which is 10 years' imprisonment or an unlimited fine, or both.

Failure to complete this form with proper care may result in a loss of protection under the Land Registration Act 2002 if, as a result, a mistake is made in the register.

Under section 66 of the Land Registration Act 2002 most documents (including this form) kept by the registrar relating to an application to the registrar or referred to in the register are open to public inspection and copying. If you believe a document contains prejudicial information, you may apply for that part of the document to be made exempt using Form EX1, under rule 136 of the Land Registration Rules 2003.

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The date of adoption should be entered. The CIO will only come into being when registered with the Charity Commission. Once the CIO is registered with the Charity Commission, it is recommended that the words “Charity Registration Number” and “Date registered with the Charity Commission” are inserted below the date of adoption with the relevant date and charity registration number, so as to provide a record for future use.

The following notes are given by reference to the clause numbers of the constitution.

The CIO constitution will be adopted by the village hall management committee at a duly constituted meeting of the committee.

Date: 20

Charitable Incorporated Organisation

Constitution (2021 edition)

Of

[.....]

Clause 1

The name does not have to include CIO or Charitable Incorporated Organisation. Note that, in this case, the fact that a CIO is a CIO must be stated in legible characters at its principal office and in all legal and other documents, letterheads, and communications.

Clause 3 Objects

The purpose of the CIO, as here set out, uses the wording that has been used for village halls for many years and reflects the wording of Section 5 of the Charities Act 2011 and current best practice. The objects of the CIO must be exclusively charitable under English law, or the CIO will not be a charity and registration as a CIO will therefore be refused. The objects should clearly and accurately reflect the true purposes of the charity's intended activities. If the objects are to include the provision of a recreation ground or playing field, the words "and recreation ground" or "and playing field" can be inserted after "village hall".

Insert the name of the Parish or the geographic boundaries as appropriate. However, it is not necessary for the area of benefit to be restricted to the civil parish in which the hall is situated. If desired, a wider area of benefit may be defined so as to include, for example, an adjoining parish or hamlet.

Clause 4.1

This wording only needs to be included if the CIO is being established as the corporate successor of an existing unincorporated charity as part of an incorporation and the existing charity holds land on specific trusts, e.g. there is a clause which states that land can only be sold following a public meeting of the residents (or other conditions) or it is otherwise clear from the original trust that the land can only be used for a particular functional purpose. This can be complicated to identify and you may need to take legal advice. The new 2021 edition clause 8 refers

Clause 4.5

It should be noted that this power can only be exercised in accordance with the CIO objects and is therefore limited. This is explained in detail in ACRE Village Halls Information Sheet 13: Grant making and support for community groups.

Clause 4 Powers

The powers are not themselves charitable objects but consist of the legal means by which the Objects in clause 3 are to be promoted.

It must be stressed that the powers cannot be exercised for any other purpose. Thus, under clause 4.3, the CIO can only co-operate in a project relevant to the Objects, so the other organisation involved must also have some concern with the Objects.

Constitution of [.....] CIO

Date of constitution (last amended):

1. Name

The name of the Charitable Incorporated Organisation ("the CIO") is [.....].

2. National location of principal office

The CIO must have a principal office in England or Wales. The principal office of the CIO is in [England][Wales].

3. Objects

The objects of the CIO are to establish and run a village hall and to promote for the benefit of the inhabitants of the Parish of [.....] ("area of benefit") without distinction of sex, sexual orientation, age, disability, nationality, race or political, religious or other opinions the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the conditions of life of the said inhabitants (the "Objects").

4. Powers

The CIO has power to do anything which is calculated to further its Objects or is conducive or incidental to doing so. In particular, the CIO has power to:

- 4.1 [hold on trust the Specified Trust Property as designated land under the terms of the Charities Act 2011 for the Original Trusts;]
- 4.2 co-operate with other voluntary organisations, statutory authorities and individuals;
- 4.3 establish or support a local forum of representatives of community groups, voluntary organisations; statutory authorities and individuals involved in community work;
- 4.4 promote and develop or to assist in the promotion and development of community organisations and community social enterprises in the area of benefit;
- 4.5 acquire and distribute funds to and to assist in the provision of grants to community organisations in the area of benefit;
- 4.6 arrange and provide for, either alone or with others, the holding of exhibitions, meetings, lectures, classes, seminars or training courses, and all forms of recreational and other leisure-time activities;
- 4.7 Raise funds. In doing so, the CIO must not undertake any substantial permanent non-charitable trading activity and must comply with any relevant statutory regulations;

The powers included in this clause are those most commonly required by charities, but if it is known that the charity will be engaged in specific activities which are not mentioned it is advisable to insert an additional provision to cover them.

4.7 The charity trustees should have regard to the law applicable to any fundraising activities the charity is to undertake. The prohibition on 'substantial permanent non-charitable trading activity' is essential to avoid an objection from the Inland Revenue or a potential tax liability.

Where a charity will be relying on taxable trading to raise funds it is recommended that a separate, non-charitable trading company should be used for the purpose, and specialist legal or accountancy advice will be needed.

4.8 In some cases the Charity Commission's consent is required. In others, a special procedure must be followed. Legal advice may be required.

4.10 In some cases the Charity Commission's consent is required. In others, a special procedure must be followed. Legal advice will normally be required.

4.11 This clause covers employees, and enables salaries and pensions, or expenses (or none of these) to be provided. All necessary advice about Employment Law should be obtained.

A charity should not pay more than a reasonable rate for the task, but should aim to be a good employer.

4.12 This clause is designed to confer a wide power of investment but to ensure that it is exercised responsibly. An 'investment' is an asset which (i) is capable of producing income and (ii) may also increase in capital value. In setting an investment policy and selecting investments the charity trustees should have regard to the needs of the charity for both income and capital growth, and act prudently. They should avoid trading and speculation.

5. Application of income and property

This clause reflects the legal position that although a CIO is a legal person and owns its property in its own right, the assets are treated in many ways as though they were held on trust for the Objects rather than belonging to the members (as would be the case in a non-charitable corporate body). It is therefore necessary to restrict the occasions on which a trustee may benefit from the charity, and avoid conflicts of interest and duty as far as possible. It cannot be amended without the Charity Commission's consent.

A charity trustee must not profit from his or her office and cannot be paid unless specifically permitted by the Court of the Charity Commission.

- 4.8 borrow money and to charge the whole or any part of its property as security for the repayment of the money borrowed. The CIO must comply as appropriate with sections 124 to 126 of the Charities Act 2011, if it wishes to mortgage land;
- 4.9 buy, take on lease or in exchange, hire or otherwise acquire any property and to maintain and equip it for use;
- 4.10 sell, lease or otherwise dispose of all or any part of the property belonging to the CIO. In exercising this power, the CIO must comply as appropriate with sections 117 to 123 of the Charities Act 2011;
- 4.11 employ and remunerate such staff as are necessary for carrying out the work of the CIO. The CIO may employ or remunerate a charity trustee only to the extent that it is permitted to do so by clause 6 (Benefits and payments to charity trustees and connected persons) and provided it complies with the conditions of that clause;
- 4.12 deposit or invest funds, employ a professional fund-manager, and arrange for the investments or other property of the CIO to be held in the name of a nominee, in the same manner and subject to the same conditions as the trustees of a trust are permitted to do by the Trustee Act 2000.

5. Application of income and property

- 5.1 The income and property of the CIO must be applied solely towards the promotion of the Objects.
- 5.2 A charity trustee is entitled to be reimbursed from the property of the CIO or may pay out of such property reasonable expenses properly incurred by him or her when acting on behalf of the CIO.
- 5.3 A charity trustee may benefit from trustee indemnity insurance cover purchased at the CIO's expense in accordance with, and subject to the conditions in, section 189 of the Charities Act 2011.
- 5.4 None of the income or property of the CIO may be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to any member of the CIO.
- 5.5 Nothing in this clause shall prevent a charity trustee or connected person receiving any benefit or payment which is authorised by Clause 6.

6. Benefits and payments to charity trustees and connected persons

General Provisions

- 6.1 No charity trustee or connected person may:
 - 6.1.1 buy or receive any goods or services from the CIO on terms preferential to those applicable to members of the public;
 - 6.1.2 sell goods, services, or any interest in land to the CIO;
 - 6.1.3 be employed by, or receive any remuneration from, the CIO;
 - 6.1.4 receive any other financial benefit from the CIO;
 - unless the payment or benefit is permitted by clause 6.2 or authorised by the court or the Charity Commission ("the

6 Benefits and payments to charity trustees and connected persons

A charity trustee must not profit from his or her office and cannot be paid unless specifically permitted by the Court or the Charity Commission. This clause cannot be amended without the Charity Commission's consent.

6.2.7

This wording should only be included if the CIO is being established as the corporate successor to an existing unincorporated charity and there is an overlap between the trustees of the unincorporated charity and the CIO. This provision allows for the trustees of the CIO to make payments to the trustees of the original charity under an indemnity given in the Transfer Instrument. Such payments will only be permissible if the Charity Commission authorise the granting of an indemnity.

This authorisation cannot be obtained until the CIO is in being (ie registered with the Commission), when an application can be made to the Commission online for a s105 Order. Consequently, if it is envisaged that an indemnity will be required, this clause should be included. It will only be effective if an Order is granted.

Commission”). In this clause, a **“financial benefit”** means a benefit, direct or indirect, which is either money or has a monetary value.

- 6.2 Scope and powers permitting trustees' or connected persons' benefits
- 6.2.1 A charity trustee or connected person may receive a benefit from the CIO as a beneficiary of the CIO provided that a majority of the trustees do not benefit in this way.
- 6.2.2 A charity trustee or connected person may enter into a contract for the supply of services, or of goods that are supplied in connection with the provision of services, to the CIO where that is permitted in accordance with, and subject to the conditions in, section 185 and 186 of the Charities Act 2011.
- 6.2.3 Subject to clause 6.3 a charity trustee or connected person may provide the CIO with goods that are not supplied in connection with services provided to the CIO by the charity trustee or connected person.
- 6.2.4 A trustee or connected person may receive interest on money lent to the CIO at a reasonable and proper rate which must be not more than the Bank of England bank rate (also known as the base rate).
- 6.2.5 A charity trustee or connected person may receive rent for premises let by the trustee or connected person to the CIO. The amount of the rent and the other terms of the lease must be reasonable and proper. The charity trustee concerned must withdraw from any meeting at which such a proposal or the rent or other terms of the lease are under discussion.
- 6.2.6 A charity trustee or connected person may take part in the normal trading and fundraising activities of the CIO on the same terms as members of the public.
- 6.2.7 [A charity trustee or connected person may receive payment made under the indemnity given by the CIO as set out in the Transfer Instrument entered into between the CIO and the Original Charity provided that the indemnity is limited to liabilities properly incurred by the trustees of the Original Charity acting in their capacity as such and to the value of the assets transferred by the Original Charity to the CIO under the Transfer Instrument.]

6.3 Payment for supply of goods only – controls

The CIO and its charity trustees may only rely upon the authority provided by clause 6.2.3 if each of the following conditions is satisfied:

- 6.3.1 The amount or maximum amount of the payment for the goods is set out in an agreement in writing between the CIO and the charity trustee or connected person supplying the goods (**“the supplier”**) under which the supplier is to supply the goods in question to or on behalf of the CIO.

- 6.3.2 The amount or maximum amount of the payment for the goods does not exceed what is reasonable in the circumstances for the supply of the goods in question.
- 6.3.3 The other charity trustees are satisfied that it is in the best interests of the CIO to contract with the supplier rather than with someone who is not a charity trustee or connected person. In reaching that decision the charity trustees must balance the advantage of contracting with a charity trustee or connected person against the disadvantages of doing so.
- 6.3.4 The supplier is absent from the part of any meeting at which there is discussion of the proposal to enter into a contract or arrangement with him or her or it with regard to the supply of goods to the CIO.
- 6.3.5 The supplier does not vote on any such matter and is not to be counted when calculating whether a quorum of charity trustees is present at the meeting.
- 6.3.6 The reason for their decision is recorded by the charity trustees in the minute book.
- 6.3.7 A majority of the charity trustees then in office are not in receipt of remuneration or payments authorised by clause 6.
- 6.4 In clauses 6.2 and 6.3:
- 6.4.1 **“the CIO”** includes any company in which the CIO:
- (a) holds more than 50% of the shares; or
 - (b) controls more than 50% of the voting rights attached to the shares; or
 - (c) has the right to appoint one or more directors to the board of the company;
- 6.4.2 **“connected person”** includes any person within the definition set out in clause 31 (Interpretation).

7. Conflicts of interest and conflicts of loyalty

A charity trustee must:

- 7.1 declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the CIO or in any transaction or arrangement entered into by the CIO which has not previously been declared; and
- 7.2 absent himself or herself from any discussions of the charity trustees in which it is possible that a conflict of interest will arise between his or her duty to act solely in the interests of the CIO and any personal interest (including but not limited to any financial interest).

Any charity trustee absenting himself or herself from any discussions in accordance with this clause must not vote or be counted as part of the quorum in any decision of the charity trustees on the matter.

Clause 8 (Option One) wording should be used where the CIO is being established as the corporate successor charity to an unincorporated charity which holds its property (freehold or leasehold) subject to specific trusts in its trust deed e.g. as permanent endowment or subject to particular conditions which must be satisfied prior to the disposal of the property. The existing trust deed may, for example, include a requirement that the property can only be disposed of following a vote at a public meeting of the residents. The relevant wording from the original trust deed can be replicated at Schedule 1 for ease of reference. If, in the future, the CIO wished to dispose of the village hall property, the wording of the original trust deed would need to be complied with and legal advice should be sought in relation to this

Clause 8 (Option 2) wording can be used when this model CIO constitution is being used to establish a new charity as a CIO (rather than where the CIO is being established as the corporate successor on an incorporation of an existing charity). This wording is optional. It has been included within the model CIO constitution to replicate, to some extent, a protection within the ACRE model Trust Deed which requires trustees to hold a public meeting of local residents aged 18 or over prior to disposing of the charity's property. Clause 8 Option 2 requires the trustees to hold a public meeting of local residents and obtain their approval before they can dispose of CIO Property (which is a defined term and is intended to refer to the actual village hall site). The trustees, acting in their capacity as the constitutional members of the CIO, could pass a resolution to amend the CIO constitution to remove this restriction from the constitution; however, they should be aware that other legal restrictions (such as the rules on disposal of designated land) may mean that it is nevertheless necessary for them to hold some form of public consultation before disposing of the land.

Trustees should be aware that, whether or not they include this optional clause within the constitution, there are legal requirements which need to be complied with before a charity can dispose of its land. These include the requirements of Part 7 of the Charities Act 2011. The legal rules on the disposal of designated land may also be applicable depending on the charity's circumstances. Trustees should always have regard to Charity Commission guidance CC28 on disposal of charity land (available online). Following a sale of charity land, the sale proceeds would continue to be held solely for the objects of the charity and the trustees would need to involve the Charity Commission if it were no longer possible to use the sale proceeds for those objects. This is a specialist area, and it is recommended that trustees take legal advice from a solicitor with a specialism in charity law and charity property before disposing of village hall property.

OPTION ONE - FOR USE ON AN INCORPORATION WHERE THE ORIGINAL CHARITY HOLDS PROPERTY SUBJECT TO SPECIFIC TRUSTS

8. [Disposal of Specified Trust Property]

- 8.1 Following registration of the CIO, the charity trustees of the Original Charity will execute a vesting declaration in accordance with s.310 of the Charities Act 2011 in favour of the CIO in relation to the Specified Trust Property.
- 8.2 As a consequence of such vesting declaration:
 - 8.2.1 the CIO will acquire the legal title to the Specified Trust Property and will hold the Specified Trust Property on the Original Trusts;
 - 8.2.2 the CIO will become the sole trustee of the Specified Trust Property and will have trust corporation status in relation to that trust; and
 - 8.2.3 the CIO and the Specified Trust Property will be treated as a single charity for registration and accounting purposes.
- 8.3 If the charity trustees decide at any time to dispose of any part or parts of the Specified Trust Property, the charity trustees must comply with the Original Trusts.]

OR

OPTION TWO - FOR USE ON THE ESTABLISHMENT OF A NEW VILLAGE HALL CHARITY

Public meeting requirement for disposal of CIO Property

- 8.1 Save for on the voluntary winding up of the CIO in accordance with clause 30, if the charity trustees wish to dispose of or relinquish use of the CIO Property they must:
 - 8.1.1 call a meeting of the residents of the Parish of [NAME] aged 18 and over on at least [14] clear days' notice and post the notice of the residents' meeting in a conspicuous place at the CIO Property and in a newspaper circulating in the Parish of [NAME]; and
 - 8.1.2 obtain the approval of a majority of the residents present and voting at the residents' meeting called in accordance with clause 8.1.1 to allow the CIO Property to be disposed of.
 - 8.2 On disposal of the CIO Property, the trustees must comply with the requirements of Part 7 of the Charities Act 2011.
- ### 9. Liability of members to contribute to the assets of the CIO if it is wound up
- 9.1 If the CIO is wound up, each member of the CIO is liable to contribute to the assets of the CIO such amount (but not more than £1) as may be required for payment of the debts and liabilities of the CIO contracted before that person ceases to be a member, for

Clause 8 (Option Two) wording does not cover the situation where a CIO will hold property (including cash or other assets) subject to special trusts (including as restricted funds). A special trust refers to a gift which is given subject to a binding legal obligation to use the gifted asset solely for a particular purpose. This could occur in a wide range of circumstances including grants, legacies, deeds of gift or property transferred by way of a Charity Commission scheme. In such circumstances, you should take legal advice from a solicitor specialising in charity law before you finalise this CIO constitution.

Clause 9 Liability of members

These provisions prescribe the limitation of liability on members of the CIO. Although each member of the CIO will be liable for the CIO's debts, their liability is limited to a maximum of £1.

Clause 10 Charity Trustees

Following the usual village hall model, charity trustees comprise a number of elected charity trustees, a larger number of appointed charity trustees and a few co-optees. A village hall is intended for the use of every section of the community and national experience suggests that charity trustees should largely be made up of people from local organisations all of which, including those formed after the establishment of the hall, should be given an opportunity to appoint charity trustees. The charity trustees must maintain a list of appointing bodies and clause 10.5 gives the power to the charity trustees to enlarge the list of appointing bodies as required.

Provision is made for an annual general meeting open to all inhabitants aged eighteen and upwards in the area of benefit who have the right to elect a number of charity trustees. The charity trustees have power to co-opt additional charity trustees but these should be few in number and less than the number of either the appointed or elected members.

It is preferable that the number of appointed charity trustees is greater than the number of elected charity trustees; if there are only a few local organisations it may be desirable that each should appoint two charity trustees. In this case, Clause 10.5 must be amended to enable future organisations to also have the right to appoint two charity trustees to ensure parity between them. However, it is important that the number of charity trustees does not become too large as this may make meetings difficult and lengthy. The appointment, election and co-option of charity trustees is made afresh each year. Where a village has a parish meeting (which is the case in some very small settlements) it is not normally appropriate for the parish meeting to appoint

payment of the costs, charges and expenses of winding up, and for adjustment of the rights of the contributing members among themselves.

- 9.2 In clause 9.1 **“member”** includes any person who was a member of the CIO within 12 (twelve) months before the commencement of the winding up.
- 9.3 But subject to that, the members of the CIO have no liability to contribute to its assets if it is wound up, and accordingly have no personal responsibility for the settlement of its debts and liabilities beyond the amount that they are liable to contribute.

10. Charity trustees

10.1 Functions and duties of charity trustees

The charity trustees shall manage the affairs of the CIO and may for that purpose exercise all the powers of the CIO. It is the duty of each charity trustee:

- 10.1.1 to exercise his or her powers and to perform his or her functions in his or her capacity as a trustee of the CIO in the way he or she decides in good faith would be most likely to further the purposes of the CIO; and
- 10.1.2 to exercise, in the performance of those functions, such care and skill as is reasonable in the circumstances having regard in particular to:
- (a) any special knowledge or experience that he or she has or holds himself or herself out as having; and
 - (b) if he or she acts as a charity trustee of the CIO in the course of a business or profession, to any special knowledge or experience that it is reasonable to expect of a person acting in the course of that kind of business or profession.

10.2 Eligibility for trusteeship

- 10.2.1 Every charity trustee must be a natural person.
- 10.2.2 No individual may be appointed as a charity trustee of the CIO:
- (a) if he or she is under the age of 16 years; or
 - (b) if he or she would automatically cease to hold office under the provisions of clause 12.4.6.
- 10.2.3 No one is entitled to act as a charity trustee whether on appointment or on any re-appointment until he or she has expressly acknowledged, in whatever way the charity trustees decide, his or her acceptance of the office of charity trustee.
- 10.2.4 The total number of trustees under the age of 18 years must not at any time be more than [half] of the total number of trustees in office.

a charity trustee since the parish meeting includes all persons on the electoral register, a person nominated by the parish meeting would in effect be another elected member. A nomination from a parish meeting might be desirable where a village hall serves two or more parishes to ensure that each parish is represented.

Alternatively, such representation could be achieved by specifying that each parish elect a set member of charity trustees. It is advisable to ascertain at an early date any special requirements for the composition of charity trustees or otherwise which may be laid down by a local authority or other grant making body.

10.2.4 16 is the minimum age for charity trustees of a CIO. This clause gives the village hall the opportunity to set the limit (if any - this clause can be removed if desired) on the number of charity trustees under 18.

10.3.1 Insert the names of the first charity trustees.

10.3.3. Insert numbers desired in each case. The numbers given in the model are illustrative only.

If it is desirable that the Parish or Town Council should appoint a trustee, as opposed to being listed under clause 10.5, an additional sub-clause can be inserted "one charity trustee appointed by xxx Parish Council."

10.4 This is designed to allow the charity trustees to maintain control over the procedure for the nomination of charity trustees for election.

10.3 The charity trustees

10.3.1 There must be at least [three] charity trustees. If the number falls below this minimum, the remaining trustee or trustees may act only to call a meeting of the charity trustees, or appoint a new charity trustee. The first charity trustees are:

.....
.....
.....

who shall continue in office until the end of the first annual general meeting.

10.3.2 There is no maximum number of charity trustees that may be appointed to the CIO.

10.3.3 The first charity trustees shall have power to appoint further charity trustees who shall hold office until the end of the first annual general meeting. Subject to this, the charity trustees shall comprise:

- (a) up to [12] charity trustees elected in accordance with clause 10.4;
- (b) up to [15] charity trustees appointed in accordance with clause 10.5, and
- (c) up to [3] individuals co-opted by the charity trustees in accordance with clause 10.6.

10.4 The elected charity trustees must be elected at an annual general meeting at which all inhabitants of the area of benefit of 18 years and upward are entitled to attend and vote in accordance with clause 17.5. No person other than a charity trustee retiring in accordance with the constitution may be appointed a charity trustee at any general meeting unless:

10.4.1 he or she is recommended for re-election by a majority of the charity trustees; or

10.4.2 not less than fourteen nor more than thirty-five clear days before the date of the meeting, the CIO is given a notice that:

- (a) is signed by an inhabitant of the area of benefit entitled to vote at the meeting;
- (b) stating the individual's intention to propose the election of a person as a charity trustee;
- (c) containing the details that, if the person were to be appointed, the charity would have to file with the Charity Commission; and
- (d) is signed by the person who is to be proposed to show his or her willingness to be elected.

10.7/8

Following the usual village hall model, elected charity trustees serve for one year only. Appointed charity trustees serve until they are de-selected by their appointing body.

- 10.5 The charity trustees shall maintain a list of user bodies that they consider to be supportive of the CIO's Objects and which have indicated a wish to appoint a charity trustee of the CIO. Each listed user body shall have the right to appoint one charity trustee. Any such appointment must be made according to the ordinary practice of the appointing body and must be notified in writing to the secretary.
- 10.5.1 Where any application for the right to appoint a charity trustee is received from any existing or newly-formed body operating in the area of benefit, the charity trustees may, with the approval of not less than two-thirds of all the charity trustees, add such body to the list of user bodies and allow such body to appoint a charity trustee.
- 10.5.2 The charity trustees may, with the approval of (a) the body concerned and (b) not less than two-thirds of all the charity trustees, remove a body from such list of user bodies.
- 10.5.3 A minute of the relevant resolution, authenticated by the chairman, should be (a) placed with the title deeds and (b) kept with the charity trustees' working papers.
- 10.5.4 The appointment will be effective from the date on which the Secretary is informed of the appointment.
- 10.6 Co-opted charity trustees must be appointed at a duly constituted meeting of the charity trustees.
- 10.7 The period of office of elected charity trustees starts at the end of the annual general meeting at which they are elected and ends at the end of the next following annual general meeting.
- 10.8 The period of office of charity trustees appointed by listed user bodies is effective from the later of:
- (a) the end of the annual general meeting held immediately following the appointment: and, (b) the date on which the secretary is informed of the appointment. Subject to clause 12, the period of office of appointed charity trustees ends on the day on which notification of his or her removal is received by the secretary.
- 10.9 The period of office of co-opted charity trustees starts from the end of the meeting at which they are appointed by the charity trustees and ends at the end the next following annual general meeting or at the time (if earlier) when they are removed by the charity trustees. Co-opted charity trustees may be reappointed by the charity trustees.
- 10.10 In the event of a casual vacancy among elected or co-opted charity trustees, the charity trustees may appoint a person who is willing to act to be a charity trustee. A charity trustee so appointed shall hold office only until the next following annual general meeting. If not elected or reappointed at such annual general meeting, he or she shall vacate office at the conclusion thereof.
- 10.11 Information for new charity trustees
- The charity trustees will make available to each new charity trustee, on or before his or her first appointment:

10.11.1 a copy of this constitution and any amendments made to it; and

10.11.2 a copy of the CIO's latest Trustees' Annual Report and statement of accounts.

10.12. All charity trustees who are entitled to receive notice of a general meeting must be given not less than seven nor more than twenty-eight clear days' notice of any resolution to be put to the meeting to appoint a charity trustee.

11. Officers

11.1 The charity trustees shall appoint one of their number to be the chair of trustees (the "Chair") for such term of office as they determine and may at any time remove them from that office.

11.2 The charity trustees may appoint one of their number to be the Vice-Chair of trustees for such term of office as they determine and may at any time remove them from that office.

11.3 A Secretary (who may be a charity trustee but need not be) may be appointed by the charity trustees for such term and upon such conditions as they may think fit, and may be removed by them. The Secretary shall have such duties and functions as are delegated to them by the charity trustees in accordance with clause 14.

11.4 If there is no Secretary:

11.4.1 anything authorised or required to be given or sent to, or served on, the charity by being sent to its Secretary may be given or sent to, or served on, the charity itself, and if addressed to the Secretary shall be treated as addressed to the charity; and

11.4.2 anything else required or authorised to be done by or to the Secretary of the charity may be done by or to a trustee, or a person authorised generally or specifically in that behalf by the trustees.

11.5 A Treasurer (who may be a charity trustee but need not be) may be appointed by the charity trustees for such term and upon such conditions as they may think fit, and may be removed by them. The Treasurer shall have such duties as functions as are delegated to them by the charity trustees in accordance with clause 14.

12. Retirement and removal of charity trustees

12.1 At the first and at each subsequent annual general meeting all elected charity trustees shall retire from office unless by the close of the meeting the members have failed to elect sufficient charity trustees to hold a quorate meeting of the charity trustees.

12.2 A charity trustee who retires at an annual general meeting may, if willing to act, be re-elected. If the CIO does not fill the vacancy created by his or her resignation, he or she shall, if willing to act, be deemed to have been re-elected unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the charity trustee has been put to a meeting and lost. If he or she

Clause 12 Retirement and removal of charity trustees

Various events can terminate trusteeship. Section 178 and 178a of the Charities Act 2011 lists disqualifications as:

- (i) an unspent conviction for an offence involving dishonesty or deception;
- (ii) an undischarged bankruptcy;
- (iii) an undischarged composition or arrangement with creditors;
- (iv) the removal of the person concerned from his/her office as a charity trustee by the Charity Commission or the High Court;
- (v) he/she is subject to a disqualification order under the Company Directors Disqualification Act 1986;
- (vi) Terrorism and
- (vii) money-laundering.

It should be noted in this connection that the Charity Commission is empowered, on application, to waive some of these disqualifications in the case of particular trustees.

Appointed charity trustees can be replaced by their appointing body.

Embarrassing problems can arise when a charity trustee becomes too ill or infirm to be expected to take full responsibility for the task. The charity trustees may wish to make a rule under clause 24 to require a charity trustee who appears incapable to undergo a medical examination. Such a request would in most cases lead to a voluntary resignation. The length of absence which gives rise to automatic termination of a charity trustee's term of office will depend on the normal frequency of meetings. The law does not allow charity trustees to walk away from their responsibilities leaving no-one in charge of the charity (clause 12.4.1).

12.4.5

This clause is included because there is nothing worse for charity trustees than to be forced to do business with someone they despise or who causes business problems.

Note to 13.2.2. see clause 31 for interpretation of authenticated

is not re-elected he or she shall retain office until the meeting elects someone in his or her place, or if it does not do so, until the end of the meeting.

12.3 If a charity trustee is required to retire at an annual general meeting by a provision of the constitution the retirement shall take effect upon the conclusion of the meeting.

12.4 A charity trustee ceases to hold office if he or she:

- 12.4.1 retires by notifying the CIO in writing (but only if enough charity trustees will remain in office when the notice of resignation takes effect to form a quorum for meetings);
- 12.4.2 is absent without the permission of the charity trustees from all their meetings held within a period of six months and the trustees resolve that his or her office be vacated;
- 12.4.3 dies;
- 12.4.4 in the written opinion, given to the CIO, of a registered medical practitioner treating that person, has become physically or mentally incapable of acting as a charity trustee and may remain so for more than three months;
- 12.4.5 is removed by ordinary resolution of the members of the CIO present and voting at a general meeting after the meeting has invited the views of the charity trustee concerned and considered the matter in the light of any such views; or
- 12.4.6 is disqualified from acting as a charity trustee by virtue of section 178 - 180 of the Charities Act 2011 (or any statutory re-enactment or modification of that provision).

13. Taking of decisions by charity trustees

Any decision may be taken either:

- 13.1 at a meeting of the charity trustees; participating at such a meeting by electronic means shall qualify as being present at the meeting; or
- 13.2 by a resolution in writing or in electronic form ("email") agreed by a simple majority of all the charity trustees entitled to receive notice of a meeting of charity trustees or of a committee of charity trustees and to vote upon the resolution shall be as valid and effectual as if it had been passed at a meeting of the charity trustees or (as the case may be) a committee of charity trustees duly convened and held provided that:
 - 13.2.1 a copy of the resolution is sent or submitted to all the charity trustees eligible to vote; and
 - 13.2.2 a simple majority of charity trustees has signified its agreement to the resolution in an authenticated document or documents which are received at the CIO's principal office within the period of 28 days beginning with the circulation date.

The resolution in writing may comprise several documents

Clause 14

A specific provision is essential if the charity trustees are to be able to delegate to committees. The charity trustees will be legally responsible for the acts of committees, and for this reason it is prudent for at least one charity trustee to be a member of each committee. The charity trustees may wish, for this reason, to define the terms of reference with care. It is essential in all cases to provide for reporting back. Although the power of delegation is not limited to specific functions it is generally appropriate for decisions on major matters of policy or resources to be reserved to the charity trustees themselves. It is perfectly permissible, and indeed to be encouraged, for the charity trustees to appoint a sub-committee of young people under 18, or to appoint young people as voting members of other sub-committees, so as to ensure their views can be expressed to the charity trustees.

15.3.1.

The number of charity trustees creating a quorum is optional but there must be two or more i.e. not less than two.

containing the text of the resolution in like form to each of which one or more charity trustees has signified their agreement.

14. Delegation by charity trustees

- 14.1 The charity trustees may delegate any of their powers or functions to a committee or committees or Officer, and, if they do, they shall determine the terms and conditions on which the delegation is made. The charity trustees may at any time alter those terms and conditions, or revoke the delegation.
- 14.2 This power is in addition to the power of delegation in the General Regulations and any other power of delegation available to the charity trustees, but is subject to the following requirements:
- 14.2.1 a committee may consist of two or more persons, but at least one member of each committee must be a charity trustee;
 - 14.2.2 the acts and proceedings of any committee must be brought to the attention of the charity trustees as a whole as soon as is reasonably practicable;
 - 14.2.3 no expenditure may be incurred on behalf of the CIO except in accordance with a budget previously agreed with the charity trustees; and
 - 14.2.4 the charity trustees shall from time to time review the arrangements which they have made for the delegation of their powers.

15. Meetings of charity trustees**15.1 Calling meetings**

- 15.1.1 Any charity trustee may call a meeting of the charity trustees.
- 15.1.2 Subject to that, the charity trustees shall decide how their meetings are to be called, and what notice is required.

15.2 Chairing of meetings

The Chair shall chair meetings. If the Chair is unwilling to preside or is not present within 10 minutes after the time of the meeting, the charity trustees present may appoint one of their number to chair that meeting.

15.3 Procedure at meetings

- 15.3.1 No decision shall be taken at a meeting unless a quorum is present at the time when the decision is taken. The quorum is [three] charity trustees, or the number nearest to one third of the total number of charity trustees, whichever is greater, or such larger number as the charity trustees may decide from time to time. A charity trustee shall not be counted in the quorum present when any decision is made about a matter upon which he or she is not entitled to vote.
- 15.3.2 Questions arising at a meeting shall be decided by a majority of those eligible to vote.

15.3.3 Unlike a Company's Articles of Association, a CIO constitution may allow the Chair to have a second or casting vote. This clause is optional.

16. Although all corporate bodies must have members, only charity trustees are members in the village hall model CIO constitution.

17.1 The law relating to CIOs requires certain types of decisions to be made only by the CIO members, as stated in clause 17.1. This may appear to be an unnecessary process as the only members of the village hall CIO will be its own charity trustees. However, due process must be followed, and any matter covered by this clause must be decided by a members' resolution and minuted as such.

15.3.3 [In the case of an equality of votes, the person who chairs the meeting shall have a second or casting vote.]

15.4 Participation in meetings by electronic means:

15.4.1 A meeting may be held by suitable electronic means agreed by the charity trustees or as a hybrid meeting in which each participant may communicate with all the other participants;

15.4.2 Any charity trustee participating in a meeting by suitable electronic means agreed by the charity trustees in which a participant or participants may communicate with all the other participants, shall qualify as being present at the meeting;

15.4.3 Meetings held by electronic means must comply with rules for meetings, including chairing and the taking of minutes.

16. Membership of the CIO

16.1 The members of the CIO shall be its charity trustees for the time being. The only persons eligible to be members of the CIO are its charity trustees. Membership of the CIO cannot be transferred to anyone else.

16.2 Any member and charity trustee who ceases to be a charity trustee automatically ceases to be a member of the CIO.

17. General meetings and the annual general meeting

Decisions by members

17.1 Any decision to:

17.1.1 amend the constitution of the CIO;

17.1.2 amalgamate the CIO with, or transfer its undertaking to, one or more other CIOs, in accordance with the Charities Act 2011; or

17.1.3 wind up or dissolve the CIO (including transferring its business to any other charity)

must be made by a 75% majority of those members voting at a general meeting of the CIO (including those voting by proxy or by post, if voting that way is permitted) or unanimously by the members, otherwise than at a general meeting (rather than a resolution of the charity trustees).

17.2 Any decision specified in clause 17.1 must be made in accordance with the provisions of clause 29 (Amendment of constitution), clause 30 (Voluntary winding up or dissolution), or the provisions of the Charities Act 2011, the General Regulations or the Dissolution Regulations as applicable. Those provisions require the resolution to be agreed by a 75% majority of members of the CIO voting at a general meeting.

17.4 The CIO will be required to have a set financial year (e.g. 1 April to 31 March). Ideally, this should be decided, perhaps in consultation with local grant making bodies, prior to setting up the CIO. If the CIO appoints external accountants then the accountants may suggest an appropriate financial year. The annual general meeting should be set for a date roughly two months after the expected production of the annual accounts, in order that the accounts can be put before the meeting. It is best not to insert fixed dates. It is recommended that, in rules issued under clause 27, a month is specified in which the AGM will normally be held, rather than specifying it in the constitution itself.

17.5 The quorum for general meetings (clause 19) will apply.

17.6 It is suggested that the notice boards of the Parish Council are generally the most suitable places to display.

General Meetings

17.3 The CIO must hold its first annual general meeting within eighteen months after the date of its registration.

17.4 An annual general meeting must be held in each subsequent year and not more than fifteen months may elapse between successive annual general meetings. The charity trustees may call a general meeting at any time.

17.5 All inhabitants of the area of benefit of 18 years and upward must be entitled to attend and vote on the election of charity trustees as specified in clause 10.4 at annual general meetings. The charity trustees may allow inhabitants who are under 18 to attend (but not vote at) the meeting. Election shall be by simple majority vote. No person standing for election or re-election shall vote on their own election or re-election.

17.6 Public notice of every annual general meeting must be given in the area of benefit of at least fourteen days before the date thereof by affixing a notice to some conspicuous part of the property occupied by the CIO or other conspicuous place in the area of benefit and by such other means as the convenors think fit.

17.7 The business of each annual general meeting shall be:

17.7.1 to receive the annual report of the charity trustees, which shall incorporate the accounts of the CIO referred to below, and give an account of the work of the CIO and its activities during the preceding year;

17.7.2 to receive the accounts of the CIO for the preceding financial year;

17.7.3 to note the names of the persons appointed to serve as charity trustees under clauses 10.3.3 and 10.5 and to elect persons to serve as charity trustees under clause 10.4;

17.7.4 for the members of the CIO only to appoint one or more qualified auditors or independent examiners for the coming year to audit or examine the accounts of the CIO in accordance with the Charities Act 2011;

17.7.5 to consider any other business of which due notice has to be given.

For the avoidance of doubt, inhabitants of the area of benefit of 18 years and upward attending an annual general meeting of the CIO shall only have the right to vote on the election of charity trustees but this shall not prevent the charity trustees from consulting with the inhabitants of the area of benefit over any matter which they in their absolute discretion think fit.

18. Notice of Annual General Meetings

18.1 The minimum period of notice required to hold a general meeting of the CIO is fourteen clear days.

18.2 In the case of an annual general meeting, in addition to giving notice to members, the CIO shall post the notice, in a conspicuous

place or places in the area of benefit and/or advertised in a newspaper circulating in the area of benefit.

18.3 The notice must specify the date, time, place and/or virtual place of the meeting, the details of anyone being nominated as a charity trustee under clause 10.4 and the general nature of the business to be transacted. If the meeting is to be an annual general meeting, the notice must say so. If the meeting is to be a virtual meeting or a hybrid meeting the notice must specify how the virtual place can be accessed.

18.4 The notice must be given to all the members and auditors.

18.5 The proceedings at a meeting shall not be invalidated because a person who was entitled to receive notice of the meeting did not receive it because of an accidental omission by the CIO.

19. Proceedings at general meetings

19.1 The provisions in clause 15.2, 15.3 and 15.4 governing the chairing of meetings, procedure at meetings and participation in meetings by electronic means shall apply to any general meeting of the members, with all references to trustees to be taken as references to members.

19.2 No business shall be transacted at any general meeting unless a quorum is present.

19.3 A quorum is either [three] members physically present in person or by virtual means (if the meeting is a virtual or hybrid meeting) and entitled to vote upon the business to be conducted at the meeting, or the number nearest to one third of the total number of members, whichever is greater.

19.4 If:

19.4.1 a quorum is not present within half an hour from the time appointed for the meeting; or

19.4.2 during a meeting a quorum ceases to be present

the meeting shall be adjourned to such time and place as the charity trustees shall determine.

19.5 The charity trustees must reconvene the meeting and must give at least seven clear days' notice of the reconvened meeting stating the date, time and place of the meeting to all of the people required to be given notice under clause 18.

19.6 If no quorum is present at the reconvened meeting within fifteen minutes of the time specified for the start of the meeting the members present in person at that time shall constitute the quorum for that meeting.

19.7 General meetings shall be chaired by the person who has been appointed to chair meetings of the charity trustees.

19.8 If there is no such person, or he or she is not present within fifteen minutes of the time appointed for the meeting a charity trustee nominated by the charity trustees shall chair the meeting.

19.3 It is for the charity to determine the quorum. Not less than two is suggested but the number will depend on the size of the management committee (see note 15.3.1 on page 20). Too high a number may result in meetings not being quorate, whereas too low a number may put in doubt the democratic involvement of the local people.

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- 19.9 The members present at a meeting may resolve by ordinary resolution that the meeting shall be adjourned.
- 19.10 The person who is chairing the meeting must decide the date, time and place at which the meeting is to be reconvened unless those details are specified in the resolution.
- 19.11 No business shall be conducted at a reconvened meeting unless it could properly have been conducted at the meeting had the adjournment not taken place.
- 19.12 If a meeting is adjourned by a resolution of the members for more than seven days, at least seven clear days' notice shall be given of the reconvened meeting stating the date, time and place of the meeting to all of the people required to be given notice under clause 18.
- 19.13 Any vote at a meeting shall be decided by a show of hands unless before, or on the declaration of the result of the show of hands, a poll is demanded:
- 19.13.1 by the person chairing the meeting; or
 - 19.13.2 by at least two members present and having the right to vote at the meeting.
- 19.14 The declaration by the person who is chairing the meeting of the result of a vote shall be conclusive unless a poll is demanded.
- 19.15 The result of the vote must be recorded in the minutes of the CIO but the number or proportion of votes cast need not be recorded.
- 19.16 A demand for a poll may be withdrawn, before the poll is taken, but only with the consent of the person who is chairing the meeting.
- 19.17 If the demand for a poll is withdrawn the demand shall not invalidate the result of a show of hands declared before the demand was made.
- 19.18 A poll must be taken as the person who is chairing the meeting directs, who may appoint scrutineers (who need not be members) and who may fix a time and place for declaring the results of the poll.
- 19.19 The result of the poll shall be deemed to be the resolution of the meeting at which the poll is demanded.
- 19.20 A poll demanded on the election of a person to chair a meeting or on a question of adjournment must be taken immediately.
- 19.21 A poll demanded on any other question must be taken either immediately or at such time and place as the person who is chairing the meeting directs.
- 19.22 The poll must be taken within thirty days after it has been demanded.
- 19.23 If the poll is not taken immediately at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

20. Participation in general meetings

Where the purpose of the meeting is only to elect new trustees by a vote of the residents and present the annual report and accounts, it will be low risk for the meeting to be held entirely virtually. If a formal members' resolution needs to be passed (by the trustees acting in their capacity as members), in order to ensure compliance with the common law requirements of meetings, it is recommended that at least two members should be physically present at the same meeting place and all participating members should be able to hear and see each other. In such circumstances, it is likely to be more straightforward for the members (i.e. the trustees acting in their capacity as members) to take their decision by written resolution in accordance with clause 21.

19.24 If a poll is demanded the meeting may continue to deal with any other business that may be conducted at the meeting.

20. Participation in general meetings

A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

20.1 A person is able to exercise the right to vote at a general meeting when:

20.1.1 that person is able to vote, during the meeting (or in the case of a poll, within the time period specified by the chair of the meeting), on resolutions put to the vote at the meeting; and

20.1.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

20.2 The charity trustees may, in their discretion, make such arrangements as they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it. Such arrangements may, without limitation, include arrangements involving telephone or video conferencing and/or use of electronic facilities and/or electronic platforms.

20.3 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

20.4 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

21. Decisions of the members

21.1 Decisions of the members may be made either by resolution at a general meeting or, subject to clause 21.2, by resolution in writing, by post or electronic mail ("email") in accordance with clause 21.3.

21.2 Except in the case of any decision specified in clause 17.1 (where a resolution in writing must be agreed by all the members who are entitled to vote on it at a general meeting), a resolution in writing may be agreed by a simple majority of all the members who are entitled to vote on it at a general meeting.

21.3 A resolution in writing, by post or email shall be effective provided that:

21.3.1 a copy of the proposed resolution has been sent to all the members eligible to vote, at or as near as reasonably practicable to the same time; and

21.3.2 either the required majority of the members or, in the case of any decision specified in clause 17.1, all the members

have signified their agreement to the resolution in a document or documents which are received at the principal office within the period of 28 days beginning with the circulation date. The document signifying a member's agreement must be authenticated by their signature, by a statement of their identity accompanying the document, or in such other manner as the CIO has specified.

The resolution in writing may comprise several copies to which one or more members has signified their agreement. Eligibility to vote on the resolution is limited to members who are members of the CIO on the date when the proposal is first circulated. The date on which a resolution in writing is passed is that of the date of the last signatory.

22. Execution of documents

22.1 The CIO shall execute documents by signature.

22.2 A document is validly executed by signature if it is signed by at least two of the charity trustees.

23. Use of electronic communications

23.1 General

The CIO will comply with the requirements of the Communications Provisions in the General Regulations and in particular:

- 23.1.1 the requirement to provide within 21 days to any member on request a hard copy of any document or information sent to the member otherwise than in hard copy form;
- 23.1.2 any requirements to provide information to the Commission in a particular form or manner.

23.2 To the CIO

Any member or charity trustee of the CIO may communicate electronically with the CIO to an address specified by the CIO for the purpose, so long as the communication is authenticated in a manner which is satisfactory to the CIO.

23.3 By the CIO

- 23.3.1 Any member or charity trustee of the CIO, by providing the CIO with his or her email address or similar, is taken to have agreed to receive communications from the CIO in electronic form at that address, unless the member or charity trustee has indicated to the CIO his or her unwillingness to receive such communications in that form.
- 23.3.2 The charity trustees may, subject to compliance with any legal requirements, by means of publication on its website:
 - (a) provide the members and charity trustees with the notice referred to in clause 18 (Notice of general meetings);
 - (b) give the charity trustees notice of their meetings in accordance with clause 15 (Meetings of charity trustees); and

- (c) submit any proposal to the members and charity trustees for decision by written resolution in accordance with the CIO's powers under clause 21 (Decisions of the members), and clause 13 (Taking of decisions by charity trustees).

23.3.3 The charity trustees must:

- (a) take reasonable steps to ensure that members and charity trustees are promptly notified of the publication of any such notice or proposal; and
- (b) send any such notice or proposal in hard copy form to any member or charity trustee who has not consented to receive communications in electronic form.

24. Keeping of Registers

The CIO must comply with its obligations under the General Regulations in relation to the keeping of, and provision of access to, a (combined) register of its members and charity trustees.

25. Minutes

The charity trustees must keep minutes of all:

25.1 appointments of officers made by the charity trustees;

25.2 proceedings at general meetings of the CIO;

25.3 meetings of the charity trustees and committees of charity trustees including:

25.3.1 the names of the trustees present at the meeting;

25.3.2 the decisions made at the meetings; and

25.3.3 where appropriate the reasons for the decisions;

25.4 decisions made by the charity trustees otherwise than in meetings.

26. Accounting records, accounts, annual reports and returns, register maintenance

26.1 The charity trustees must comply with the requirements of the Charities Act 2011 with regard to the keeping of accounting records, to the preparation and scrutiny of statements of account, and to the preparation of annual reports and returns. The statements of account, reports and returns must be sent to the Charity Commission, regardless of the income of the CIO, within 10 months of the financial year end.

26.2 The charity trustees must inform the Commission within 28 days of any change in the particulars of the CIO entered on the Central Register of Charities.

27. Rules

The charity trustees may from time to time make such reasonable and proper rules or byelaws as they may deem necessary or expedient for

26. The keeping of adequate records is essential if a CIO is to be properly run. In addition, there is detailed legislation in the Charities Act 2011, as well as guidance in the Charity SORP, about accountability. The rules cover accounting records and the provision of an annual report, statement of account and an annual return, all of which have to be sent to the Charity Commission

27. Such rules may, for example, take the form of standing orders, conditions of hire and hire agreement, hiring deposits, Banking arrangements, appointment of an Independent Examiner.

the proper conduct and management of the CIO, but such rules or bye laws must not be inconsistent with any provision of this constitution. Copies of any such rules or bye laws currently in force must be made available to any member of the CIO on request.

28. Disputes

If a dispute arises between members of the CIO about the validity or propriety of anything done by the members under this constitution, and the dispute cannot be resolved by agreement, the parties to the dispute must first try in good faith to settle the dispute by mediation before resorting to litigation.

29. Amendment of constitution

29.1 As provided by sections 224 to 227 of the Charities Act 2011 this constitution can only be amended by a resolution passed by a 75% majority of those members of the CIO voting at a general meeting of the CIO called in accordance with clause 17 (General meetings and the annual general meeting) or unanimously by the members otherwise than at a general meeting.

29.2 Any alteration of clause 3 (Objects), [clause 8 (Disposal of Specified Trust Property)], or of clause 30 (Voluntary winding up or dissolution), this clause, or of any provision where the alteration would provide authorisation for any benefit to be obtained by charity trustees or members of the CIO or persons connected with them, requires the prior written consent of the Charity Commission.

29.3 No amendment that is inconsistent with the provisions of the Charities Act 2011 or the General Regulations shall be valid.

29.4 A copy of every resolution amending the constitution, together with a copy of the CIO's constitution as amended must be sent to the Charity Commission by the end of the period of 15 days beginning with the date of passing of the resolution, and the amendment does not take effect until it has been recorded in the Register of Charities.

30. Voluntary winding up or dissolution

30.1 As provided by the Dissolution Regulations, the CIO may be dissolved by resolution of a general meeting. Any decision to wind up or dissolve the CIO can only be made at a general meeting of the CIO called in accordance with clause 18 (Notice of general meetings), of which not less than 14 days' notice has been given to members of the CIO:

30.1.1 by a resolution passed by a 75% majority of those members voting, or

30.1.2 by a resolution passed by decision of members taken without a vote and without any expression of dissent in response to the question put to the general meeting.

30.2 Subject to the payment of all the CIO's debts:

30.2.1 any resolution for the winding up of the CIO, or for the dissolution of the CIO without winding up, may contain a provision directing how any remaining assets of the CIO shall be applied;

29.2 Reference to clause 8 should be deleted if clause 8, option one is not being used. The original trusts may not be capable of amendment by the CIO.

30.2.3

If it is not possible to apply the assets for the charity's objects on dissolution (e.g. because the objects refer to the provision of a village hall in the local area but it is intended to close down the village hall), the trustees would need to involve the Charity Commission in order to widen or change the objects to allow for an appropriate use of the assets. The Charity Commission would be likely to require public consultation to be held as part of that process.

30.2.2 if the resolution does not contain such a provision, the charity trustees must decide how any remaining assets of the CIO shall be applied;

30.2.3 in either case the remaining assets must be applied for charitable purposes the same as or similar to those of the CIO.

30.3 The CIO must observe the requirements of the Dissolution Regulations in applying to the Charity Commission for the CIO to be removed from the Register of Charities, and in particular:

30.3.1 the charity trustees must send with their application to the Charity Commission:

- (a) a copy of the resolution passed by the members of the CIO;
- (b) a declaration by the charity trustees that any debts and other liabilities of the CIO have been settled or otherwise provided for in full; and
- (c) a statement by the charity trustees setting out the way in which any property of the CIO has been or is to be applied prior to its dissolution in accordance with this constitution;

30.3.2 the charity trustees must ensure that a copy of the application is sent within seven days to every member and employee of the CIO, and to any charity trustee of the CIO who was not privy to the application.

30.4 If the CIO is to be wound up or dissolved in any other circumstances, the provisions of the Dissolution Regulations must be followed.

31. Interpretation

In this constitution:

“charity trustee” means a charity trustee of the CIO.

“CIO Property” means the [freehold/leasehold] property known as [NAME AND ADDRESS] [registered at the Land Registry with title number[s] [TITLE NUMBER]] [which is unregistered]”

“clear day” does not include the day on which notice is given or the day of the meeting or other event.

“connected person” means:

- (a) a child, parent, grandchild, grandparent, brother or sister of the charity trustee;
- (b) the spouse or civil partner of the charity trustee or of any person falling within clause 31(a) above;
- (c) a person carrying on business in partnership with the charity trustee or with any person falling within clauses 31(a) or 31(b) above;

- (d) an institution which is controlled:
 - (i) by the charity trustee or any connected person falling within clauses 31(a), 31(b) or 31(c) above; or
 - (ii) by two or more persons falling within clause 31(d)(i), when taken together;
- (e) a body corporate in which:
 - (i) the charity trustee or any connected person falling within clauses 31(a) to 31(c) has a substantial interest; or
 - (ii) two or more persons falling within clause 31(e)(i) who, when taken together, have a substantial interest.

Section 118 of the Charities Act 2011 apply for the purposes of interpreting the terms used in this Constitution.

The **“Communications Provisions”** means the Communications Provisions in [Part 9,]of the General Regulations.

“Dissolution Regulations” means the Charitable Incorporated Organisations (Insolvency and Dissolution) Regulations 2012.

“General Regulations” means the Charitable Incorporated Organisations (General) Regulations 2012.

“Authenticated document” is one which contains the resolution and has been signed either in person or by electronic signature by a simple majority of trustees.

“Original Charity” means the unincorporated charity known as [INSERT NAME] established by the Original Governing Document (registered charity number: [NUMBER]);]

“Original Governing Document” means a trust deed by which the Original Charity was established dated [DATE];]

“Original Trusts” means the trusts to which the Specified Trust Property is subject in accordance with the Original Governing Document, the most relevant provisions of which are reproduced at Schedule 1 of this Constitution;]

A **“poll”** means a counted vote or ballot, usually (but not necessarily) in writing.

“Specified Trust Property” means any permanent endowment, designated land or other property held on special trust acquired by the CIO by way of vesting declaration or otherwise, including the [freehold/ leasehold] property known as [NAME AND ADDRESS] [registered at the Land Registry with title number[s] [TITLE NUMBER]] [which is unregistered.

“Virtual meeting” means a meeting held by electronic means; **“Hybrid meeting”** means a meeting held in person in a physical location which can also be accessed by electronic means which enable participants to communicate with all other participants.

Specified Trust Property

This definition is only required in relation to an incorporation of an existing CIO, if the CIO holds property on specified trusts e.g. as permanent endowment, when clause 4.1 and Option one for clause 8 would also be used.

Unlike a Trust Deed used by an unincorporated trust (as in ACRE's models) the constitution does not require signing.

THIS SCHEDULE IS ONLY REQUIRED IN RELATION TO AN INCORPORATION OF AN EXISTING CIO, IF THE CIO HOLDS PROPERTY ON SPECIFIED TRUSTS E.G. AS PERMANENT ENDOWMENT.

Disposal of Specified Trust Property

This clause may require a public meeting of the residents before the land can be disposed of or other restrictions on the use or disposal of the property. If the clause refers to it only being possible for the charity to expend the income and not the capital of the sale proceeds, it is possible that the land is held as permanent endowment. If in the future the CIO wishes to sell the property, it should take legal advice from a solicitor specialising in charity law to ensure that it is properly compliant with the terms of the original trusts.

Sections 249 and 352 of the Charities Act 1993 apply for the purposes of interpreting the terms used in this constitution.

Schedule 1

EXTRACTS FROM THE ORIGINAL GOVERNING DOCUMENT OF RELEVANCE TO THE ORIGINAL TRUSTS OF THE SPECIFIED TRUST PROPERTY

Original Charity's Objects (Clause [] of the Original Governing Document)

[Insert the Original Charity's objects as set out in the Original Governing Document]

Disposal of Specified Trust Property (Clause [] of Original Governing Document)

[Insert the wording of the clause in the Original Governing Document which sets out the trusts on which the land is held and restrictions on disposal]

Action with Communities in Rural England

ACRE is the national voice for the 38 ACRE Network members who make up the country's largest rural network. Together we reach 25,000 grassroots organisations in 11,000 rural communities.

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