

# Model Letter to be sent to a Trustee (and Director) of a Charitable Company Limited by Guarantee on Appointment

## Overall Purpose

This Guidance Note offers an example of a model letter to be sent to a new trustee of a charitable company; as such it is an outline for charities to amend to suit their needs. Charities are urged to ensure that all relevant factors pertaining to their organisation are included in such letters.

As the charity is incorporated under company legislation it is essential that trustees are aware that they have legal duties both as a trustee, under charity law, and as a director under company law. It is because of this dual responsibility that the terms 'trustee' and 'director' may be used interchangeably. For the purpose of this document, we use the terms trustee and director to emphasise the twin legal duties.

This Guidance Note covers charities registered in England and Wales. Whilst principles of good governance should transcend national borders, it is important to bear in mind the specific differences in charity legislation for those charities operating in Scotland, Northern Ireland, and elsewhere.<sup>1</sup>

## Model Letter

Dear *[name of appointee]*

I write to confirm your appointment as a trustee and director of *[name of charity registered in England and Wales, charity registration number, and company registration number]* with effect from *[date]*.

As you are aware there are a number of formal matters connected with this appointment which now have to be dealt with. This letter deals with these formalities and is accompanied by an induction pack of information to assist you in your new role.

Form 288a is enclosed which has been completed using the information you recently provided. I would ask you to check this form carefully, add any missing details, and, if correct, sign where indicated. Please return it to me immediately in order that it can be filed with Companies House within the appropriate time limit. If there are any corrections, please advise me by return of post. Please note that in signing the Form 288a you are confirming your willingness to act as a director of this charitable company.

As a trustee and director you will be required to sit on a committee or sub-committee. Copies of terms of reference for the standing committees are included in the enclosed induction pack along with a schedule of dates of forthcoming meetings.

As you will appreciate, as a trustee and director of a charitable company, you will not be entitled to receive any payment for the time you spend on your duties. However, reasonable out-of-pocket expenses properly incurred in the performance of your duties as a director and trustee, will be reimbursed in accordance with the expenses policy (enclosed).

- 1 Further Guidance Notes for charities registered and operating in Scotland and Northern Ireland will be available in due course from the ICSA website.
- 2 For guidance on payments to trustees please refer to the Charity Commission's Guidance Note *Streamlined Procedures for Authorising Trustee Payments* (not exceeding £50,000), and *Payment of Charity Trustees* (CC11). Unless authorised to do so by the governing document, statute, or by the Charity Commission, trustees should not benefit from the position they occupy. The Charities Act 2006 has amended the position regarding the payment of trustees for undertaking activities outside of those of being a trustee, or the provision of services. Section 36 provides for trustees to be remunerated for services to the charity if certain conditions are met. This is likely to be introduced in early 2008.

A summary of the principal duties and responsibilities of a trustee and director are included in the induction pack. Please read and familiarise yourself with this information as soon as possible, and read and sign a copy of the trustee declaration letter enclosed.<sup>3</sup> Please retain a copy for your records.

In conclusion, may I take this opportunity to congratulate you on your appointment and welcome you to the board. Being a charity trustee and company director can be both challenging and rewarding and I would therefore invite you to contact me at any time you may require such support and information as you may need to fulfil your responsibilities effectively.

Yours sincerely

Charity Secretary

**Enclosed:**

Charity's governing document  
Schedule of trustee meetings/times/venues  
Terms of reference for committees/sub-committees and calendar of meetings  
Induction pack  
Expenses policy and form  
Conflict of interest policy  
Register of interests form  
A summary of charity trustees roles and responsibilities  
*CC3 – The Essential Trustee*  
Summary of directors' roles and responsibilities  
Trustee declaration letter x2 (copy to be signed and retained by trustee)  
Standing orders/by-laws

*June 2007*

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<sup>3</sup> See ICSA Guidance Note 070609 for a model charity trustee declaration.