



Summary of Statutory Duties CIC Directors & CIO Trustees

1. Who are CIC Directors?

The CICs directors are responsible for ensuring that the company meets its statutory and other obligations. As with any other company, the directors of a CIC occupy an important position of trust and general company law imposes on them a range of duties to the company and other responsibilities.

In addition to these general responsibilities, CIC directors are also responsible for ensuring that the company is run in such a way that it will continue to satisfy the 'community interest test'. In practice, this will mean having regard to the interests of the community the CIC is intended to serve.

2. Duties of a CIC Director

The Companies Act 2006 codifies the general duties which directors owe to the company.

A CIC director has the following duties under the Companies Act 2006:

- i. To act within the company's powers
- ii. To act in the way he or she considers, in good faith, would be most likely to achieve the community purpose of the company, and in doing so have regard (amongst other matters) to:
 - the likely consequence of any decision in the long term
 - the interests of the company's employees
 - the need to foster business relationships with customers, suppliers and others
 - the impact of the company's operations on the community and the environment
 - the desirability of the company maintaining a reputation for high standards of business conduct
 - the need to act fairly as between the members of the company
- iii. To exercise independent judgement
- iv. To exercise reasonable care, skill and diligence
- v. To avoid conflicts of interest
- vi. Not to accept benefits from third parties
- vii. To declare an interest in proposed transactions or arrangements and in existing transactions and arrangements where appropriate.

3. Who are CIO Trustees?

According to the Charities Act 2011, “charity trustees” means the persons having the general control and management of the administration of a charity. In addition to the summary of duties below, we would recommend you read the guidance document - [The essential trustee: what you need to know, what you need to do](#) – before proceeding with your application.

4. Duties of a Trustee Board member

- i. Ensure Spectra is carrying out its purposes for the public benefit. This means you should:
 - ensure you understand the charity’s purposes as set out in its governing document
 - plan what your charity will do, and what you want it to achieve
 - be able to explain how all of the charity’s activities are intended to further or support its purposes
 - understand how the charity benefits the public by carrying out its purposes
- ii. Comply with Spectra’s governing document and the law. You and your co-trustees must:
 - make sure that the charity complies with its governing document
 - comply with charity law requirements and other laws that apply to your charity
- iii. Act in your charity’s best interests. You must:
 - do what you and your co-trustees (and no one else) decide will best enable the charity to carry out its purposes
 - with your co-trustees, make balanced and adequately informed decisions, thinking about the long term as well as the short term
 - avoid putting yourself in a position where your duty to your charity conflicts with your personal interests or loyalty to any other person or body
 - not receive any benefit from the charity unless it is properly authorised and is clearly in the charity’s interests; this also includes anyone who is financially connected to you, such as a partner, dependent child or business partner
- iv. Manage Spectra’s resources responsibly. You must act responsibly, reasonably and honestly. This is sometimes called the duty of prudence. Prudence is about exercising sound judgement. You and your co-trustees must:
 - make sure the charity’s assets are only used to support or carry out its purposes
 - avoid exposing the charity’s assets, beneficiaries or reputation to undue risk
 - not over-commit the charity
 - take special care when investing or borrowing
 - comply with any restrictions on spending funds or selling land
 - You and your co-trustees should put appropriate procedures and safeguards in place and take reasonable steps to ensure that these are followed. Otherwise you risk making the charity vulnerable to fraud or theft, or other kinds of abuse, and being in breach of your duty.
- v. Act with reasonable care and skill. As someone responsible for governing a charity, you:
 - must use reasonable care and skill, making use of your skills and experience and taking appropriate advice when necessary
 - should give enough time, thought and energy to your role, for example by preparing for, attending and actively participating in all trustees’ meetings
- vi. Ensure Spectra is accountable. You and your co-trustees must comply with statutory accounting and reporting requirements. You should also:
 - be able to demonstrate that the charity is complying with the law, well run and effective
 - ensure accountability within the charity, particularly where you delegate responsibility for particular tasks or decisions to staff or volunteers