

CHARITY TRUSTEES' REMUNERATION

From time to time, someone asks us whether it is permissible for the directors/ trustees of a charity to be paid for their services.

Section 67 of the Charities and Trustee Investment (Scotland) Act 2005 sets out the circumstances in which trustees of Scottish charities can be paid.

In broad terms, charity trustees cannot be paid for services provided in their capacity as a charity trustee, or under a contract of employment, unless certain specific criteria are met.

Where a trustee, or someone connected to a trustee, provides services to or on behalf of a charity they may receive remuneration in the following circumstances:

- The maximum amount of remuneration must be "reasonable" and it must be set out in a written agreement between the parties;
- The trustees must be satisfied, before entering into the agreement, that the arrangement is in the interests of the charity;
- Less than half of the total number of trustees (taking into account connected persons) are entitled to receive any form of remuneration; and
- The charity's constitution (e.g. Memo and Articles or Trust Deed) must not expressly prohibit the arrangement.

It is not uncommon for constitutional documents to expressly prohibit remuneration for trustees, but (depending on the constitution) it may be possible to amend such provisions with the approval of members/ trustees.

Trustees are entitled to receive reasonable and necessary out-of-pocket expenses, for example the costs of travelling to attend board meetings.

If you have any questions about the issues covered in this update or if you would like to discuss anything in more detail, we are here to help. Contact us on 01856 872983 or by e:mail at enquiries@ajbscholes.co.uk.