

Threlkeld Village Hall

Proposed Changes to Our Constitution

Background

The hall currently operates as Threlkeld Village Hall Trust, charity number 231380. The rules under which the hall operates, known as the “Scheme”, date from 2008 since when there have been significant changes to applicable laws, particularly the Charities Act 2011. As part of that Act, the concept of the Charitable Incorporated Organisation was established, with the actual legal powers available from 2013. The key word in that title is “Incorporated”. Under the current Scheme, Threlkeld Village Hall is an “unincorporated trust” managed by a Board of Trustees. Being unincorporated prevents the Trust from owning property or contracting for services in its own name: instead, Trustees take on these responsibilities, “on trust”, for the hall. The land and buildings of the hall are held by the Parish Council acting as “Custodial Trustee” while all contracts for goods and services are taken on by individual Trustees. As the hall does not exist as a legal entity, if anything were to go wrong, the individual Trustees would be personally liable, including for any issues concerning the property.

A second issue that arises from the current Scheme is the inability of the hall to give away money except in extremely limited circumstances. In general, village halls are receivers of money through fees, fundraising and charitable giving, and the schemes under which they operate reflect this. Threlkeld Village Hall is unusual in being well funded, principally in the form of donations from the Coffee Shop. Money raised from the Coffee Shop is currently being used to pay for the building work but once this is complete the Trustees hope that there will be more money coming in than the hall requires. They would like to use it to benefit the community but are limited by the restrictions in the current Scheme.

Proposal

The Trustees recommend that the hall convert to a CIO. As part of the conversion process, the current Scheme under which it operates would be replaced by a much more up to date “Constitution” to govern its administration.

Converting to being a CIO means that the hall would be a corporate entity, with an existence in law. It can then own its own property and contract for services in its own name. The liabilities of Trustees are limited in much the same way as are those of directors of limited companies.

The Constitution that the Trustees propose adopting is the “ACRE Model Constitution Oct 2021”. ACRE (Action with Communities in Rural England www.acre.org.uk) is a body that represents over 10,000 village halls around the country. They are thus very aware of the needs of village halls and the communities they support. ACRE has negotiated with the Charity Commission to agree a “model” constitution for village halls. One of the advantages of using the ACRE model is that approval is pre-agreed by the Charity Commission: provided we stick very closely to the agreed wording we expect that approval will be straightforward. Writing our own Constitution or significantly amending the ACRE Model will lead to significant delays and, potentially, legal fees to resolve the detailed wording.

Other advantages of adopting the ACRE model constitution include:

- Wider powers to make grants and fund local projects;
- Being in line with current legislation around employment, tax and conflicts of interest;
- Recognising current methods of working, such as use of email and teleconferences.

It is worth noting that thousands of village halls have converted to CIO status using the ACRE Model Constitution. Locally to us, the Borrowdale Institute and the Braithwaite Institute are CIOs.

Annual General Meeting

Hopefully you have seen the notices put up in the area announcing that the AGM will be held in the Village Hall on Wednesday 31st January at 7pm.

At the AGM the Trustees will provide an overview of the CIO conversion proposal, similar to what is included here. They will then present three resolutions to the meeting to vote on. While the meeting is open to any member of the public, only those aged 18 or over and living in Threlkeld and the surrounding neighbourhood are entitled to vote. The three resolutions will be:

1. That Threlkeld Village Hall Trust take steps to incorporate itself as a charitable incorporated organisation (CIO) on the following basis:
 - (a) the new CIO shall be called Threlkeld Village Hall CIO and shall seek registration as a charity with the Charity Commission;
 - (b) the new CIO shall adopt the ACRE model constitution;
 - (c) all assets, property and contracts of Threlkeld Village Hall Trust shall be transferred to the new CIO; and
 - (d) forthwith upon the completion of the above, Threlkeld Village Hall Trust shall be wound up and cease to be a charity. Its merger with the CIO shall be registered with the Charity Commission.
2. That Threlkeld Village Hall Trust shall apply to the Charity Commission for permission to transfer the land and property of Threlkeld Village Hall Trust to Threlkeld Village Hall CIO in accordance with Section 121 (2) of the Charities Act 2011.
3. That the charity trustees be and are hereby authorised to take all actions and to complete all documentation necessary to effect resolutions 1 & 2.

Resolution 2 is there because it is a requirement of the Charities Act that there is explicit public approval for the disposal of charity property (and, in effect, the current Trust will be disposing of the property to the CIO) where there are specific restrictions in place regarding it. This is routine where a village hall is converting to a CIO, but is a box that must be ticked with the Commission.

Process

Provided that the resolutions are approved by the AGM (and all three are required to be able to proceed) the Trustees will move forward with the transition.

There is a technical, legal matter that needs resolving to do with restrictions in the existing Scheme. The Trustees have applied to the Charity Commission to make changes to the Scheme to allow the property to be passed to the CIO. Once this is approved by the Commission, and we see no reason why it should not, there will be a further public consultation to approve the change. We expect this to happen in March or April 2024.

Once that is in place, we can proceed with the registration of the CIO. The Charity Commission, like many government departments, is under resourced and taking longer than it should to respond to applications. By using the ACRE Model Constitution for the new CIO we are hopeful that the Commission will see it as "routine" and therefore process it within a couple of months. And once the new legal entity is established we will have to apply for a bank account as the old one cannot be passed over, and banks are not currently known for their speed of response. So, by the time we have waited for all these processes to complete it is likely to be the summer before we are ready to make the actual transfer.

Then comes a lot of detailed work itemising all the assets that will be passed to the CIO, as well as reassigning all our contracts (eg for the supply of utilities, cleaning and waste). The transfer of the land and buildings is complex and will require the use of conveyancing solicitors to handle it.

Once all this work is complete, we are hopeful to make the formal switch over in late summer or autumn. Fingers crossed!

This process is unanimously supported by the Trustees of Threlkeld Village Hall Trust, being:

Christine Renouf – Chair

David Evans – Treasurer

Steven Oldfield – Secretary

Neil Beresford – Co-opted member

Chris Smith – Co-opted member

David Arkley – Parish Council representative

Barbara Lowesmith – Threlkeld Events representative

Emma Moody – Threlkeld Young People representative