

Governance: what's the
right structure?



Types of Structure we will look at

- Unincorporated Associations
 - Unregistered and Registered Charities
- Incorporated Charities
 - Charitable Companies
 - Charitable incorporated Organisations (CIO)
- Community Interest Companies (CIC)

Charities

What makes something a Charity

- The type of work it does and its objects. Is it charitable

What is the requirement to register

- To register a charity it need to show an income of £5000
- Have a board of unrelated trustees
- Complete the registration form on the Charity Commission website

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Unincorporated Charities

Benefits

- Quick to set up
- Can apply for Charitable Funds
- Maybe eligible for Charitable relief's

Issues

- No limitation on liability for Trustees and members
- Organisation does not exist legally
- Can not hold contracts
- Trustees can't usually be paid or employed



Incorporated Structures

- Provide protection for members and trustees there liability is limited in most circumstances to a sum listed in the governing document
- Organisations exists in its own right legally
- Can hold contracts in its own right
- Can access Charitable funds
- Trustees can't usually be paid or employed

Charitable Company

- Been available for a long time, lots of case law
- If the organisation has a mortgage its listed on their companies house record
- Two regulators so 2 sets of reporting
- Companies house levies fines for late filing

CIO

- Much newer structure available since 2012
- Potentially harder to get mortgages as data not shown on CC record
- A single regulator
- Currently no fines for late filing
- Single registration number on all documents

Charitable Incorporated Company

- Many different types and versions
- Some allow Directors to receive dividends
- Allow Directors to be staff and paid
- Have an asset lock – in the event of closure remaining assets are passed to an organisation or community listed in the governing document
- Lots of Charitable Funders will NOT give them grants

Key Differences between Charities and CICs

Charity

- Trustees can't be paid staff
- Trustees can be paid out of pocket expenses
- Charities broadly do not pay Tax
- Can apply to any charitable funder
- Regulated by the charity commission – currently no sanctions for late filing
- Accounts and annual report published online

CIC

- Directors can be paid
- Pays corporation tax on any surplus
- Is barred from applying for a lot of grants
- Regulated by companies house – fines and other sanctions for late filing
- Limited accounts filed online

Hosted Forums

- Governance is less of an issue
- This is covered by the host organisation
- Important to have an early conversation and reach an agreement about who does what. Also important to consider what happens if and when the forum becomes independent and agree who owns what ie the data, what would happen to any staff and anything else you think is important