

Conversion of the Bedford Park Society into a Charitable Incorporated Organisation — background

The Executive Committee of The Bedford Park Society has been considering whether there would be advantages in converting the Society into a Charitable Incorporated Organisation, a structure created by the Charities Act 2011. It has concluded that this conversion would have some advantages.

At the Society's AGM on 25 May members will, therefore, be asked to consider and vote on a resolution that will enable the trustees to move forward to the conversion of the Bedford Park Society into a Charitable Incorporated Organisation.

Background to the change

The Society has functioned for at least 35 years as a charity registered under the Charities Act, in the form of an unincorporated association. This solution which was adopted by very many other smaller charities combined two advantages. It has enabled us to enjoy all the convenience of charitable status. At the same time, we have been subject only to the very simple reporting obligations of the Charity Commission.

However, in 2011 the UK Government passed legislation which defined a new charitable format, the Charitable Incorporated Organisation (CIO), which appeared to retain the main advantages of the existing format while offering some additional attractions.

The new CIO structure solves a problem of the Unincorporated Association, whose trustees can in theory be held personally liable for contracts and obligations entered into on behalf of the charity. The CIO can — like any company — enter into contracts in its own name, thus resolving this difficulty. The nature of the activities of the Bedford Park Society has meant that there has been virtually no risk of trustee liabilities arising. Nonetheless, this remote risk has sometimes meant that individuals have been reluctant to take on the trustee role. As the CIO format becomes widely used in the charity sector, we believe that any charity with a risk of trustee liability is likely to find it increasingly difficult to recruit trustees.

Furthermore, if in the future the Society wished for instance to enter into a contract of employment or to acquire property, this would present difficulties with the existing structure. While the Society does not at the moment envisage doing either of these things, the new format would offer the Society this flexibility in the future.

Over recent years with an increasing number of charities becoming CIO's, we believe that the process of conversion to CIO has been clarified and is now well established.

Next steps

Following a detailed consideration of alternative organisational structures, the Executive Committee decided to take a number of steps to prepare a possible conversion to CIO. A draft constitution has been drawn up and application made to the Charity Commission. The Society now seeks the formal approval of the membership. If this is granted the next steps will be the transfer of the Society's activity to the CIO and eventually the winding up of the existing charity. The Society is being advised in these steps by lawyers of the Charity and Social Business team at Russell-Cooke LLP.

It should be emphasised that the Society's objects, activities and management will not change.