

The trustees of Houghton Field Association are proposing to change the status of the Association from an unincorporated charity to a CIO (Charitable Incorporated Organisation). The following Q and As will hopefully answer your questions about the reasons for this proposal and the processes involved.

1. What is a CIO?

A CIO is a Charitable Incorporated Organisation. CIOs were introduced in 2012. CIOs are a form of company but can only be formed for a charitable purpose. They are incorporated and regulated solely by the Charity Commission and not by Companies House. They allow charities to enter contracts as corporate entities with limited liability for members and trustees.

2. Why is the HFA being advised to change to a CIO?

Being a CIO opens new funding opportunities for us as a charity to apply for which we cannot as an unincorporated charity. This increases the benefit to the village as it means we can improve or provide more facilities for everyone to use.

Also, at present HFA is unincorporated so when trustees sign contracts they are personally liable. If HFA was unable to fulfil its contractual obligations from its assets, the personal assets of the trustees would be at risk. If HFA becomes a CIO, the trustees will sign contracts in the name of the CIO and will not be personally liable. If the trustees breach their duty of care, they may be required to reimburse the charity from their own personal assets for any losses suffered. This will not change. Any trustee who acts deliberately or recklessly in breach of his or her duty or who fails to exercise reasonable care and skill would remain liable to the charity, but their actions could not result in a loss for which the other trustees could be liable. At present, as HFA is unincorporated, all trustees would be liable.

3. I have heard there are two types of CIO. Which one is being used and why?

- The association model is recommended if your original unincorporated charity has a wider membership which votes on important decisions, such as electing trustees or committee members
- The foundation model if your original charity is run solely by its trustees, and doesn't have a voting membership

While in practice HFA is run solely by its trustees and does not hold a list of members, the original trust deed lays out that certain important decisions for e.g., election of trustees, disposal of the land, dissolution, would have to be approved by the residents of Houghton on the Hill. It's important that we retain these rights for the village and so the association model is being proposed.

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4. Will HFA still be a registered charity?

Yes, but the CIO will have a new charity number.

5. Are there any disadvantages to becoming a CIO?

No. Although the CIO will have a new charity number, the existing HFA charity will remain registered for a period so that the financial records are easily available and any further legacies to the HFA can be received.

6. Does the new Constitution change the way HFA operates?

No. The new Constitution will give the members the same rights to vote upon issues and elect trustees as it does now for the existing unincorporated charity.

After consulting with the village, HFA will transfer all the assets from the old charitable trust to the new CIO. This will involve a legal 'scheme' for vesting the land in the CIO to be held in the same terms as the original HFA trust deed of 1966 i.e., for the benefit of the residents of Houghton the Hill. This ensures that the assets cannot be disposed of without the consent of the residents of Houghton on the Hill, something that some members of the community have been concerned about.

7. How does the new Constitution affect members?

There is no change in the status, rights, and benefits of members. Further, the assets remain in trust for the benefit of the village exactly as they are now. They cannot be disposed of without the consent of the residents of Houghton on the Hill, and the agreement of the Charity Commission.

8. Who can be a member?

We are proposing every adult age over 18 who lives in Houghton Village will be able to become a member. In the event of a meeting requiring an important decision, new members will be able to register at the time of the meeting if they are eligible for membership.

9. Will there be a charge to be a member?

No.

10. Can I have a say on the change to a CIO and the new Constitution?

Yes. If you live in the village, your house will have had a leaflet inviting you to an engagement event on 29 June where the proposed change will be put to the village, followed by a four-week consultation period. Comments can be made at the event or throughout the four weeks.

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11. Am I able to review the proposed new Constitution during the consultation period?

Yes. The new Constitution will be available on the HFA website during the consultation period.

12. What will happen if lots of people say they are against the change to CIO?

The information will be fed back to the Charity Commission to consider as part of the registration process for the new CIO. However, if the change doesn't happen some of the trustees may be unwilling to continue as trustees because they do not want to be personally liable for the charity. CIOs are increasingly used by charities and failure to change will make it even more difficult to attract new trustees.

13. Who has been advising the trustees on the change to CIO?

Voluntary Action Leicester have been helping HFA with this proposed change and advised on the right model to use and help with liaising with the Charities Commission on drafting the scheme for keeping the land in trust.

14. Where can I learn more about CIOs and different charitable structures?

The Charity Commission guidance can be found at
<https://www.gov.uk/guidance/charity-types-how-to-choose-a-structure>

15. Who can I ask if I have another question or how do I make comments on this?

Please email houghtonfieldassociation@gmail.com