



The Charitable Incorporated Organisation (CIO)

PHIL WATTS

Senior Manager, Charities Team

The Background

- Early discussions Late – 1990s
- Reviews of the sector e.g. Deakin Review
- Strategy Unit Report 2002
- Charities Bill
- Charities Act 2006

What is a CIO?

- Body corporate
- Constitution
- Principal office in England or Wales
- One or more members
- Foundation or Association

Advantages

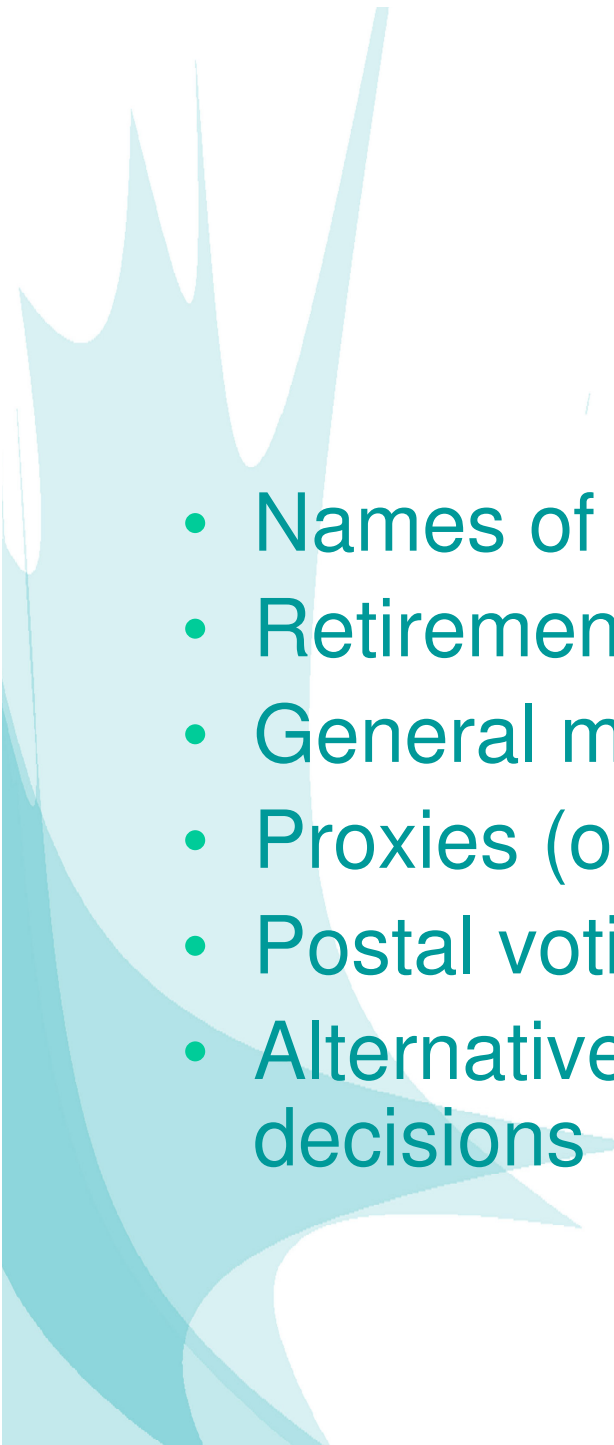
- Single registration
- Simpler reporting
- Single annual return
- Simpler filing requirements
- Simpler reporting of constitutional changes
- Lower costs


Advantages (cont)


- Simpler constitutional form
- Greater constitutional flexibility
- Easier to merge/change structure
- No penalties for misconduct of directors
- Clear duties for trustees and members

Constitution

- Name
- Purposes
- Location of principal office
- Members' contribution on dissolution

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- Names of first members and trustees
 - Retirement/removal of members
 - General meetings
 - Proxies (optional)
 - Postal voting (optional)
 - Alternative processes for members' decisions

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- Retirement/removal of trustees (inc. by members)
 - Trustees' meetings
 - Alternative processes for trustees' decisions
 - Electronic communication provisions

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- Eligibility and process for membership
 - Eligibility and process for trusteeship
 - Application of property on dissolution

 - To be in model form
 - Possible to entrench provisions
 - Amendments

CIO Name and Status

- To appear on:
 - all business letters
 - notices/official publications
 - cheques/bills of exchange, etc
 - conveyances
 - invoices, receipts, letters of credit

How is a CIO formed?

Registration

- Application to Charity Commission
- Constitution (inc details of members and trustees)
- Application for registration
- Trustees' declaration
- Must register regardless of income level

Conversion of a charitable company

Must supply to Charity Commission

- application for conversion
- copy of members' resolution
- proposed constitution
- anything else Commission requests

Commission must notify Registrar of Companies

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- Cannot convert if failed to file accounts or annual reports/returns
 - Once registered Charity Commission advises Companies House
 - CH registration cancelled and CIO registration then confirmed
 - Any share capital is cancelled
 - Financial statements

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- Industrial & Provident Society
 - Community Interest Company


Amalgamation of CIOs

- Two or more CIOs can apply for amalgamation into newly-registered CIO
- Resolutions to approve amalgamation and new constitution
- 75% or unanimously
- Give notice

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- Must have similar purposes
 - Upon registration of new CIO:
 - assets & liabilities transferred
 - old CIOs dissolved
 - gifts to old CIOs transfer to new CIO

Transfer of CIO's Undertaking

- CIO members can resolve to transfer assets and liabilities to another CIO
- 75% or unanimous
- Resolution to Charity Commission with resolution of receiving CIO
- 75% or unanimous
- Charity Commission decides on notice

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- Similarity of purpose
 - 6 month period (may be extended)
 - If resolution confirmed by Commission
 - assets and liabilities transferred
 - transferor CIO dissolved
 - gifts to transferor CIO transfer to receiving CIO

Conversion of Unincorporated Charity

- Section 74 as amended
- Cannot hold “designated” land
- Trustees’ resolution (two-thirds majority)
- Charity Commission may require
 - notice to be given
 - more information
- Takes effect after 60 days unless Commission objects

CIO Operation

- Power(s)
- Delegation powers
- Appoint agents, nominees, custodians
- Duties of members and trustees
- Duty of care and skill for trustees
- Trustees cannot benefit personally
- Execution of deeds and documents

Registers

- Association CIO must keep
 - Register of Members
 - Register of Trustees
- Right to inspect registers
- Foundation CIO to keep single register

Minimum age of Trustees

- Proposed to be 16
- Matches companies
- Subject to consultation

Minutes and Meetings

- Minutes of meetings and records of other decisions
- Retain for 6 years
- Commission can order members' meeting
- Sole member

Creating charges

- Must register with Charity Commission
- 21 days
- Includes property acquired
- CIO must maintain register of charges
- Certificate of notification
- Commission to maintain public register

Keeping Records

- Hard copy or electronic
- Arranged as trustees think fit
- Precautions against falsification

Communication Provisions

- Supply of documents in electronic form or by website
- Member can require hard copy version
- Constitution can override
- Deemed delivery
 - when published on website
 - 48 hours by email (working days only)

Dissolution

- 75% majority at general meetings (inc. proxy and postal votes if allowed)

OR

- Unanimously other than at a general meeting
- Application to Commission
- Proper notice