Hai

MATTERS DISCUSSION:

1. Hackspace Legal Structure: CIC or Charity?

**Company Limited by Guarantee (CLG)**

Companies Limited by Guarantee (CLG) have been in existence since 1862 and are simply an alternative type of corporation, primarily used for not-for-profit organisations.

For example, the CLG form is often used for clubs, membership organisations, including students' unions, residential property management companies, sports associations, workers' co- operatives, other social enterprises, non-governmental organisations (NGOs) and charities (such as Oxfam).

A CLG can work in the voluntary and community or non-profit sector without ever becoming a charity, likewise, a charity may never feel the need to incorporate and become a CLG.

An unincorporated Association which is too small to register with the Charity Commission, may choose to become a CLG in order to have an official number, limited liability etc.

**Charitable company limited by guarantee (CCLG)**

**Advantages**

* suppliers, banks, funders and lenders familiar with charitable CLG’s
* high level of transparency at Companies House – has been much easier to obtain
* information and documents from there than from Charity Commission (although Commission improving, plus has moved to online filing)

**Disadvantages**

* have burden of dual registration with, regulation by, and reporting to, both Charity Commission and Companies House
* subject to Companies Act 2006 (longest Act ever) and EU company law directives
* individuals on governing body/board are both charity trustees and company directors unclear overlap of duties under both company law and charity law
* company form designed for profit-distributing enterprises and assumes members have financial interest in company – not the case for charities
* members do not have an obligation to act in the interests of the charity, unlike Trustees

Costs: Online incorporation: £12

Registration as a charity with Charity Commission or OSCR is £795 plus vat of £159 making a total of £954

**Charitable Incorporated Organisation (CIO)**

**Advantages**

* CIO is the new corporate, limited liability structure specifically for the charity sector in England and Wales, with own legal personality
* it is subject only to registration with, and regulation by, the Charity Commission (not Companies House)
* no minimum income registration threshold for CIO’s
* Charitable company’s dual “director/trustee” role removed, so personal exposure of
* trustees under company/insolvency law reduced (e.g. to potential fines) Trustees will also benefit from corporate limited liability of CIO - although still subject to personal liability for any breach of trust

**Disadvantages**

* banks, funders and lenders may be wary of new CIO form for some time (as when CIC’s were first introduced)
* two-tier governance structure of (a) trustees and (b) members - similar to CLG’s, despite lobby for single tier – same scope for confusion
* CIO members have new express duty to act in best interests of the charity (unlike members of a CLG)
* Charity Commission is not operating a register of Mortgages/Charges (unlike Companies House who operate such a register) so banks may be reluctant to lend to a CIO as they cannot record their mortgage on a public register
* all CIO’s will have to submit accounts and annual returns to the Charity Commission regardless of income level
* how will the Commission’s role as regulator be affected by its budget and staffing cuts? Slower response times than Companies House.

**Community Interest Company (CIC)**

**Advantages**

* introduced in 2005 so now well established
* can have shareholders or be limited by guarantee with no shares
* members’ liability can be limited, e.g. £1 members can vote at the AGM
* membership can be limited to the Directors or be a wider membership
* do not have to produce full accounts, only show income & expenditure

**Disadvantages**

* not a charity, cannot be a charity
* board of Directors controlled & appointed by the membership
* also third parties can appoint ex-officio or nominated Directors
* members can vote at the AGM; if a wider membership, risk of clique rule
* Regulatory framework: CIC Regulator and Companies House
* no special tax reliefs
* no mandatory rates relief – at discretion of the local authority

CIC costs £27

○ Asset / Inventory List

Agree a date and a format

○ Community Involvement & Projects

Planning & Preparations for a Sumobot Event

Workshops / Classes - Venue & Instructor Hire

<https://www.firsttutors.com/uk/tutor/basel.electronics.physics.maths.computer-studies-it/> £20hr

Six Bricks

EMF - eGoCart

Website Development

Members status

5. ANY OTHER BUSINESS:

Insurance - public liability, costs?

<https://eginsurance.co.uk/hackspace-insurance/>

**Public Liability:** £ 2 Million limit

**Trustee Indemnity:** included - £ 250,000 limit

**Legal Expenses:** included - £ 100,000 limit

**Business Interruption** not covered

**Buildings Cover** Not covered

**Contents Cover** up to £ 2000 covered

**Insurance Premium:** £ 300.60

**Insurance Premium Tax (IPT)** £ 36.07

**Total Cost** £ 336.67

Monthly costs: 12x £28.05

Child - under 16’s? Membership fees

6. CLOSING COMMENTS: