



# Norfolk Federation of WIs

Charity Number: 227411

May 2021

To All WI Members

Dear Members

## **Charitable Incorporated Organisation – A Proposal**

The Federation have seen how the world can change over-night. The events of the last 12 months, being unable to carry out the Federation's core activities has brought to the fore the financial vulnerability of the Board of Trustees.

The reasons for this are that the current structure of the Federation, (unincorporated), means that the Board of Trustees are individually financial liable should a financial risk occur. In law, as an unincorporated Federation, Norfolk is not recognised as a legal entity.

A Charitable Incorporated Organisation (commonly referred to as a "CIO") is a corporate form of business, which has been created solely for charitable organisations. An organisation wishing to become a CIO has to apply to the Charity Commission and only they can grant that status.

The main benefit is that a charity has a "legal personality" and can enter into contracts, etc. in its own right, rather than in the Trustees' name.

In the past, The Federation have considered becoming a CIO and recent events have now made the Board of Trustees reconsider the situation.

The Federation would now like to pursue becoming a CIO, to safeguard the Board and to future proof the Federation for the time ahead and for future Trustees.

## **Why are The Federation considering becoming a Charitable Incorporated Organisation (A CIO)?**

Legally, an unincorporated Federation – as The Federation is – is not recognised as a legal entity. This means that any legal agreements the Federation enters into – such as contracts of employment, leases and so on – *the Trustees can be held personal financially liable* (although they should have a right to be reimbursed from the Federation's assets).

In addition:

- Unincorporated Federations can't hold legal title to property (such as Evelyn Suffield House). Property has to be held in the names of individuals, who would, again, be personally liable
- Being incorporated means that The Federation can enter into legal agreements in our own right, as the Federation would be liable, not the individual Trustees

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- If the Federation is sued, any legal action would be against individuals
- If the Federation had to bring legal action against another party, the Trustees individually would have to take such action
- Should the Federation become insolvent (which is highly unlikely for our Federation), the Trustees could be held personally liable for any debts
- However: it should be noted that incorporation doesn't provide blanket protection to individuals against personal liability, if it can be proved that they have been negligent

### **So what are the disadvantages?**

CIOs are a fairly new entity, having only been instigated since 2013. As a result, there is no established legal framework to fall back on, as there is for a limited company.

- Registering as a CIO with the Charity Commission will involve some upheaval and considerable paperwork
- The Federation will have to have a new charity number, which will mean changes to lease agreements, stationery, etc., which will have some financial implications
- Updating the bank account could be complex
- As there is no register of charges, banks may be less willing to provide some types of finance – although The Federation have never had to use overdraft facilities, etc.
- There are some financial implications to becoming a CIO, such as Solicitor's fees  
All these issues will not affect individual WIs, but you need to be aware that there are financial implications and The Federation will have to spend Federation monies.

### **What happens now?**

The Board of Trustees wish to pursue becoming a CIO but cannot do so without members' permission.

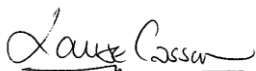
The Federation are therefore asking at this time for permission to explore becoming a CIO.

This is **not** a vote at this stage to become a CIO – this will be taken at FAM next year – The Federation are simply asking you to vote to give the Federation permission to pursue becoming a CIO.

Later in the summer, to give everyone time to consider this and ask any questions, the Federation will send out voting slips for your WI to vote and return to the Federation's independent tellers.

The Federation is bringing this proposal to you now, for your consideration. If you have any queries, contact the Federation Secretary.

If members vote to allow matters to progress, the Federation will, of course, keep you updated throughout the process.



Louise Casson  
Federation Secretary