WRC Conversion to CIO Briefing Note to Members

Background

When Winchester Running Club (WRC) was formed (less than 18 months ago) the priority was affiliation of the club with England Athletics so that members could participate in competitions and events. As part of formation the most pragmatic structure was an unincorporated association. It was always our intention to review this as the club matured and it has become clear that there are several drawbacks to this structure. Specifically:

1. **Liability** - There is currently no legal separation between the club and its members meaning we all share liability for any commitments the club makes. Fortunately, this is not yet a significant issue as we have very few assets or liabilities, but this may change as we need to make commitments for things like track access and other venues. This structure would have been appropriate if we had remained 50-60 people in a car park but as we approach 250 members with bigger ambitions is less sustainable.
2. **Tax Liability** - The club is not a charity and is therefore liable to pay tax on its sponsorship income and is unable to claim gift aid on relevant donations.
3. **Grant Access to Goods and Services** - Our lack of charitable status prevents us obtaining grants and free goods and services that would support administration or improve member experience (for example email and collaboration software that would otherwise cost us hundreds of pounds a year)

Options and Priorities

In determining the appropriate structure to address these issues our priority was to maintain high standards of governance and transparency whilst minimising the administrative overhead on our volunteers. There are two principal options that achieve address the issues above:

1. **Incorporated Community Amateur Sports Club (CASC)** - This would involve creating a limited liability company with associated directors and then registering as a charity. This option was discounted because of the additional administrative load imposed by being regulated by both Companies House (for the Ltd company) and the Charities Commission (for the CASC) as well as some concerns about the recognition of this structure by grant awarding organisations.
2. **Charitable Incorporated Organisation (CIO)** - This is a relatively new structure, increasingly adopted by charities and other larger sports clubs. It only requires registration with the Charities Commission and entitles us to tax relief but importantly only requires a single annual return to the Charities Commission. It is also well recognised by grant awarding organisations.

Implementation

Subject to member approval the steps required to convert to a CIO are:

1. **Register with Charities Commission** - This requires a compatible constitution based on the model they provide. We are in the process of amending this to ensure key elements of our existing constitution are preserved but this does mean that our ethos and values, disciplinary policy and membership policy are now separate documents.
2. **Appoint initial trustees** - Our committee members elected or re-elected at the AGM will become trustees of the new organisation.
3. **Update interested parties** - Subject to Charities Commission approval we will then need to update England Athletics, HMRC, our bank and payment service providers.
4. **Close the unincorporated association** - Transfer the assets to the new CIO.

Recommendation

Our recommendation which we are seeking member approval for at the AGM is:

1. To convert Winchester Running Club to a CIO.
2. To adopt the new constitution - This will be circulated for comment in advance of the AGM
3. To appoint the elected committee members as the initial trustees