

CONVERSION FROM CHARITABLE COMPANY TO A CHARITABLE INCORPORATED ORGANISATION (CIO)

WHAT'S CHANGING, AND WHAT DO YOU NEED TO KNOW?

What is a CIO?

A CIO is a legal structure regulated by the Charity Commission that was introduced to help simplify the process for setting up a charity. A CIO is governed by Charity Law (not Company Law) and the liability of trustees is limited (rather like being a director of a limited company).

It means that (without a trading subsidiary) all BELMAS activity and trading must be “primary purpose” – for the benefit of the objects of the charity (and therefore its membership).

Why are we changing? What are the benefits of becoming a CIO?

There are many reasons why an organisation might convert to a CIO. Below are the reasons for BELMAS proposed change:

1. To ensure activity and trading is focused solely on the objects of the charity.
2. To reduce the administration of being registered and governed by both the Charity Commission and Companies House (moving to just one regulator – the Charity Commission), and therefore reducing resource such as employee time and cost.
3. To use the process as an opportunity to rewrite its Constitution (governing document) that had been in place since the late 70s and tighten up all of its wider governance and financial management processes.
4. To make BELMAS future proof by introducing By-Laws that can be amended as the organisation continues to grow and develop.

What has been the process so far, and what were the challenges?

In 2021, the BELMAS Board (Council) commissioned work to look at the introduction of a new Constitution, recognizing that many of the processes were out of date.

This review was put on hold while the recruitment of the new Executive Officer (EO) was underway, with the expectation that the new EO would lead this significant piece of work.

Upon my appointment, I was able to look at the challenges the organisation faced with fresh eyes, while also reviewing the work that had already been done. With a background in charity governance and experience with three successful Constitution re-writes, I informed the Board that the Constitution would require significant changes, which may not be possible with the Charity Commission – they don't usually like “new Constitutions” for an established charity.

On the back of these conversations, and with some banking issues relating to our status as a company, it became apparent that converting to a CIO will enable the changes required alongside reducing the administration.

In August 2022, a survey was sent out to the Board of Trustees (Council) to find out what they felt about the organisation and its governance with the aim of informing some basic structures to be discussed at the Strategic Away Day in December. The results of this survey were as follows:

Structure

- 73% felt there needed to be delegated authority through a sub-committee approach.
- 73% felt that the role of “Past Chair” was no longer required.
- 70% felt that the current structure of Council and Exec was not fit for purpose.
- 55% felt that the Treasurer and Conference Chair role should continue to exist in some capacity.
- 55% felt that an Executive Committee was not needed at all.

Board Effectiveness and Decision-Making

- 90% felt that the Board was not efficient in its decision making.
- 90% felt that the Board was not transparent in its decision making.
- 90% felt that the membership was not prioritised in its decision making.
- 90% felt that decision making was difficult and that there were no clear processes.
- 89% felt that the processes for complaints and investigations was not effective.
- 80% felt that the Board was not effective in its decision making.
- 55% felt that they were not confident in the organisation’s ability to manage its finances effectively.
- 45% were not confident to make financial decisions based on the information they receive.

Compliance and Training

- 100% felt that they were not confident that BELMAS was compliant with GDPR.
- 70% of the Board felt they didn’t know the wide range of risks to the organisation and felt they were not identified, challenged, discussed and reviewed regularly.
- 70% felt that they were not confident that BELMAS was compliant within its Financial Regulations.
- 67% felt that they were not confident that BELMAS was compliant within its duties to the Charity Commission.
- 63% felt that they were not confident that BELMAS was compliant within its Risk Management and Insurance provisions.
- 60% felt that they were not sufficiently prepared for their role as a Trustee.
- 56% felt that they were not confident that BELMAS was compliant within HR and Employment Law.

In December 2022, BELMAS held a Strategic Away Day which was initially designed to approve the basic content of the CIO Constitution including its structure. Due to a high level of debate and engagement from the Board, this decision wasn't made, but themes and opinions were selected for a final survey to be circulated.

In January 2023 a survey was circulated the Board with options and solutions to choose from based on their conversations in December. The result of this survey would inform the content of the new Constitution.

In March 2023 a new Constitution was written and circulated to the Board for final feedback where several minor amendments were made. The draft Constitution was also approved as accurate and "passable" to the Charity Commission by specialist solicitors, Shakespeare Martineau.

In May 2023, the Constitution and Conversion to a CIO was passed by the Board,.

Other Governance Concerns

Other Governance issues raised in late 2022 included:

- Bank Account: Majority of BELMAS funds stored in a "Corporate Notice Account" that couldn't be accessed for 365 days from notice.
- Bank Account: "Know Your Customer" anti-money laundering obligations in relation to being a Company as well as being a Charity.
- Bank Account: Bank mandate not up to date.
- Legacy Bank Account: No access due to mandate not being updated in years (£9.5K).
- Charity Commission: personal/trustee details not up-to-date.
- Charity Commission: Bank details not up-to-date.
- Companies House: Personal/trustee/director details not up-to-date.
- Trustee Induction: Lack of Trustee induction, training and understanding of responsibilities.
- Audit Issues: No Board discussion on period 12 year-end accounts.
- Audit Issues: Companies House Filing late in previous years or very close to the deadline.
- Audit Issues: No process for appointing auditors.
- Board Appointments: Not transparent or fair. Often a "tap on the shoulder" approach.

Key Changes

- Basic Constitution that complies with Charity Commission Guidelines.
- Introduction of By-Laws that can be amended as the organisation grows or develops with time without written consent of the Charity Commission.
- Sub-Committee structure with clear delegated authority to make decisions including:
 - Appointments and Remuneration Committee (new)
 - Awards, Bursaries and Grants Committee (new)
 - Conference Committee
 - EDI Committee (new)
 - Finance Committee (new)

- An increase in “Vice-Chairs” from 1 to 3. Vice Chair roles to include:
 - Vice Chair Conference & Events
 - Vice Chair Finance and Resource
 - Vice Chair Equality, Diversity and Inclusion
- Removal of Past Chair role.
- Removal of automatic promotion of Vice Chair to Chair.
- Clear elections processes outlined in the By Laws.
- Chair and Vice Chairs selected annually from and amongst the Trustees in an internal vote forcing a “Trustee first” mentality to the role.
- Clear terms of Reference in the By Laws for Trustees including a 3-year term with a maximum of two terms (6 years).
- Editors-in-Chief of BELMAS Journals to be full Trustees.
- No scope for “non-voting Trustees” or “Co-Opted” members. All members are elected democratically (except appointment processes for Editors and Lay Trustees where applicable) and everyone round the table has a vote.
- Scope in the future for External or Lay Trustees for specific purposes and expertise.
- Scheme of Delegation introduced in the By Laws which is clear on decision making and responsibilities across the entire organisation.
- Financial Regulations introduced in the By Laws which include processes for management of BELMAS resources and the annual audit.
- Clear processes for complaints introduced into three separate By Laws: Complaints against a Member, Complaints against a Trustee and Complaints against BELMAS.
- Code of Conduct for all Members introduced into the By Laws.

Summary

Following a robust process, with lots of reflection and debate, the Board are now happy to present this proposal to the membership for approval with the confidence that it will, and already has, change the principles of how BELMAS operates moving into the next 50 years.

If this proposal is passed by 75% of the membership present at the AGM, our Solicitors will formally begin the process with the Charity Commission and Companies House.

Paperwork is already completed and ready to send, and we are confident that the new structure will be live ready for our new financial year in January 2024.

Ryan Beasley

Executive Officer

BELMAS