



Choosing your structure

In building and product design, 'form follows function' is a phrase that is often used. This means the shape or structure of something should be dictated by what you want to use it for – and not the other way round.



However, when you're setting up a new community organisation, this isn't always clear-cut. There are several legal structures you can choose from, including Charities, unincorporated associations, Community Interest Companies and Cooperatives. The Capacity Building team at Macc spends a lot of time working with new organisations, helping them choose the structure that is right for them.

So what kind of things should you be thinking about when deciding on your organisation's structure?

The process of 'incorporating' is the process of completing and registering the forms and documents you need to set up your organisation so that it has its own legal existence. The two most common forms of incorporation that we look at with organisations are registering them as Community Interest Companies (CICs) with Companies House, or as Charitable Incorporated Organisations (CIOs) with the Charity Commission.

Both of these types of organisations have restrictions about how organisations can use the money and other assets such as equipment and buildings they own. They are often called 'not-for-profit' organisations, but this isn't strictly true. They are allowed to make profits and surpluses, but the structure means that these have to be used to benefit the people and areas that the organisation has said is going to work with – and not go to private individuals.

A Community Interest Company is a business that, when it registers its documents with Companies House, includes a statement about how it will benefit the community it wants to work with, and how it will use its profits and assets to do this.



The expectation is that it will operate as a business, charging fees for its goods and services, whether this is directly to customers, or through entering in to contracts with other organisations. Because of this it can be harder to get grant funding for CICs in the long term, although start-up funding can be available, for example, through Awards for All.

As a business, it has directors. You can be a director and get paid for working for the CIC, so if you want to earn a living from working for your organisation, this might be the structure for you.

Charitable Incorporated Organisations (CIOs) have trustees rather than directors, and in general, trustees can't get paid for work they do for the organisation.

In order to register with the Charity Commission, they have to show their work benefits a large enough section of the public, and that it fits in with one of the 13 purposes or 'objects' that the Charity Commission says are charitable. This structure also offers a formal way to create a membership for your organisation and involve members in making decisions about what it does.

Faith has recently been working with Macc to look at these issues for a new organisation she is setting up to do music, song-writing and recording with people on the autistic spectrum.

She said: "For me, the big issues I had to look at were how much involvement I could have in managing and making decisions about my organisation versus wanting to earn a salary from my work. At first I was looking at being a CIC, so I could be a company director but still do paid work for the organisation. But in the end, I decided to go down the charity route for now, mainly because I want to be able to offer free services to the people we will be working with, and think I will need grant funding to help me do that."

This brief introduction doesn't cover all the things you need to consider. If you want information that is specific to what you want to do, do get in touch with us. We offer training on choosing your structure, and on the legal responsibilities for charity trustees. We can work with you to complete your registration documents, and also help you with the next steps such as business planning and fundraising. Visit our training calendar to find the dates of our next workshops:

<http://bit.ly/1HYegzR>