

## **A Guide to the Stragglers Proposal to Become a Charitable Incorporated Organisation**

This is an updated version of this document (as of 16 October 2024), first shared with the Stragglers membership on 8 August. We have addressed questions and comments received in response to that publication, as well as those received since the AGM, and encourage you to contact us if anything remains unclear. The email [cio@stragglers.org](mailto:cio@stragglers.org) remains open and ready for your views.

There is a lot of information relating to this topic which has been produced that you can read should you wish, with this document summarising the key points. We thank you for taking the time to read this.

### **What is our proposal?**

Currently the Stragglers operates as the majority of running and athletics clubs do. We are members of England Athletics, are run by a committee which is elected by our own membership and act in accordance with our club constitution.

We are proposing to make the change to become a Charitable Incorporated Organisation, from here on referred to as a CIO. The following pages address the various changes that would come with this, as well as what will not.

For clarity, the proposal at the AGM is merely to seek members support for the continuation of this process. Thorough research and preparation work has been conducted by the committee and a working group (advertised in Stragmail following the 2023 AGM). We have sought regular legal advice from lawyers recommended by England Athletics. It is our intention to hold a separate, Special General Meeting after the AGM, potentially in November, with a date to be confirmed.

### **What is a CIO?**

It is a legal form for a charity. There are others but we feel this is the most suitable. It is an incorporated form of charity which is not a limited company or subject to company regulation. A CIO is a corporate body (like a company) that can, if it wishes, own property, employ staff and enter into other contracts in its own name (rather than in the names of the trustees). The accompanying document 'CIO Constitution Explanation' outlines further details on what a CIO can and can't do. As an example, Bushy Park Sports Club, where the Stragglers are based is a CIO.

### **Why make this change?**

There are a few principal reasons.

- Establishing ourselves as a CIO will provide stability and a clearer vision for what we wish to achieve as a club in future. As a charity, as well as offering the current range of running club benefits to our members, we will be able to support more local charitable initiatives and engage more in the local community.
- Becoming a CIO also gives extra protection to those who run the club. Currently, in a worst case scenario, the committee of the Stragglers are held personally responsible if something goes wrong as opposed to the club, which is not legally constituted. As a CIO, the club which is then a legally constituted charity would enter into contracts and make commitments and in the event of the club ceasing to exist, there would be no personal liability.

- Becoming a CIO would also allow us to evolve the club's governance, separating day to day management of club's activity from longer term planning and club oversight.
- Revenue generated by the Cabbage Patch 10 (and other events) has grown to the point where we are required to pay corporation tax, currently at a level of around £2,000 each year. As a charity, where all expenditure must be applied to the charity objects, we will not have to pay corporation tax, so this money can be invested in other areas of the club.

Our research when putting this proposal together saw us speak to sports organisations who have already become registered charities. We think the structural changes which we are required to make to become a CIO give The Stragglers long term stability. We did consider the alternative of a Community Amateur Sports Club, however already our annual income generated is higher than this structure would permit.

### **What will our objects (aims) be?**

The proposed objects of The Stragglers as a CIO are:

“To promote community participation in recreational running and the sport of amateur athletics for the health and wellbeing of all.

To assist in the advancement of the health and wellbeing of the public at large and to further such general charitable purposes according to the laws of England and Wales by any means as the charity trustees shall in their discretion determine.”

### **How will the Stragglers be run as a CIO?**

The big change is that we will no longer have a committee as we currently do. A CIO is required to have trustees. Our aim is to have a small board of trustees, we envisage approximately 6-8, which will include but not be limited to the following current club roles:

- Chair
- Treasurer
- Secretary
- Club Captain

These will be responsible for ensuring key administration is completed and shaping the direction of the club.

For day-to-day activity such as team management, training sessions, membership, communications, social activities and everything else which we and you know and value, a management group will be appointed by the trustees. A trustee is not exempt from taking on a responsibility delegated to this group. For example, a trustee could coach or be a run leader, organise teams in Welsh Castles Relay, or contribute to the website or Stragmail. An important point to make is that, under this new structure, a trustee could be appointed from outside the membership of the Stragglers. If the board identifies someone with expertise which will be of benefit to the club, that person would not need to be a member of the Stragglers, or even a runner, in order to join the board. Whilst the current committee has seen a number of changes in recent years, we as a club need to recognise that some roles are harder to fill than others and this ensures we are not reliant just on the membership to find suitable skills which can contribute to the Stragglers.

### **How will these roles be appointed?**

Under the proposed new CIO constitution, the trustees will be appointed by the members (you) at our AGM, and trustees will serve for up to three terms of three years. So typically, up to nine years in total, providing they are reappointed by the membership at the end of each term. In certain circumstances, for instance if a key role cannot be replaced, a trustee may serve a fourth term. If new trustees are appointed by the board during the year, for instance when a trustee post becomes vacant, that appointment would have to be ratified by the members at the next AGM.

The management committee would be appointed by the trustees, who would ensure that all skills, experience and roles required to run the day-to-day affairs of the club are covered.

### **Can any member be a trustee?**

Yes. To start with, and for stability, the committee members in the positions which become trustees will take up those roles (assuming they want to and have the support of the club membership). Unlike the current committee, time as a trustee is limited. If the trustee, the board and the membership feel a trustee should continue then they can, but this also allows for regular opportunities for others to come forward to join the board. Should it be necessary or felt useful, The Stragglers will be able to recruit a trustee from outside the Stragglers.

### **How will members continue to have influence once the club is a CIO?**

The model constitution chosen as the basis for the draft Stragglers constitution is the one that most closely resembles the structure of the existing club – the “association” model, in which all members (not just the committee/board) have a vote at general meetings. In the same way as the members of the club currently elect the committee (at the AGM each year), the same general meeting will elect trustees who serve for a set term. Under the proposed constitution, one third of trustees will retire each year and so each annual general meeting will include an election (which does not currently happen). In extreme circumstances, the annual meeting could also vote to remove a trustee from office. The draft constitution also modernises the way the club operates by providing for postal and proxy votes which we currently cannot do, extending the opportunity for influence to all members and not just those that attend the annual general meeting. It should also be noted that, if the Stragglers becomes a CIO, we will be accountable to the Charity Commission. If a member felt a trustee or the trustees as a collective are not managing the club in line with the new constitution, they could request the Charity Commission investigate.

The CIO structure, with a smaller board of trustees and management committee will also allow us to widen the pool of member volunteers in an enlarged committee structure. By allowing members to join committees, or sub-groups focussing on different areas of club activity without the need to take on personal responsibility for the management of the club as is the case at present, we envisage wider member participation and therefore influence over club activity and affairs.

### **If we become a CIO can we back out at a later date?**

Once a club has become a charity, it cannot simply stop being a charity and its assets must only be used for charitable purposes. On winding up, it would have to transfer its assets to another charity or otherwise expend them for its charitable purposes. The winding up requirement is not dissimilar to the provision in the current club constitution that, in the event of winding up the club, all assets are to be distributed between bodies with similar Objects and/or registered Charities.

### **What are the potential disadvantages of being a CIO?**

England Athletics has provided helpful guidance about a range of potential club structures. Please see [Athletics-Clubs-Legal-Structure-and-Special-Tax-Status\\_v2\(1\).pdf](#) for more information. The alternatives were explored in the report to the AGM in September 2023 and a discussion covering various options was held on the night. Alongside a number of advantages, the EA document lists potential disadvantages of being a CIO (compared to alternative structures). The committee has considered these carefully and is of the view that the advantages of becoming a CIO outweigh any disadvantages. The outcome of the discussion at the 2023 AGM was to provide "in-principle" support for the CIO model.

### **Wouldn't a Community Amateur Sports Club (CASC) be a better alternative to the CIO?**

A CASC is a popular status that many sports clubs have adopted. Local to us, Ranelagh Harriers are a CASC. A CASC is an unincorporated association which enjoys certain financial benefits when agreed with HMRC.

We have looked closely and the differences between CASC and CIOs. The comparison produced by an organisation called Cascinfo is a useful guide - <http://www.cascinfo.co.uk/cascvcharity/> - strictly it compares a CASC against a charity but is a useful guide nonetheless.

There's also [why-community-amateur-sports-clubs-casc-are-converting-to-charities.pdf](#) ([russell-cooke.co.uk](http://russell-cooke.co.uk)) which was produced by Russell Cooke the legal firm.

We prefer CIO to CASC because:

- For a CASC, the exemption from corporation tax is subject to a maximum income from "trading activities" (these for us are races open to non-members) of **£50,000**; our income this year from trading activities is **£92,000** and if we were to become a CASC we would not benefit from the exemption from corporation tax.
- For a CASC there is a second limit of **£100,000**, above which you have to put your trading activities into a subsidiary. This would be possible, but potentially complex.
- A CIO, as a charity, has neither of these limits.
- Furthermore, a CASC is still an unincorporated association and therefore has no limited liability. The Russell Cooke document says "An unincorporated club's legal relationships are held through individual committee members in their personal capacity, as opposed to through a legal entity. If something goes wrong, there is a risk that committee members can be held personally liable. Clubs that have grown over the years often take the view that it is no longer appropriate for voluntary committee members to bear this risk."

### **Will we still be a member of England Athletics?**

Yes. We believe in the importance of supporting our sport's governing body and receiving the many benefits which EA provides to the club and our members. Therefore, we will continue our membership of EA and the financial contribution we make annually. This enables us as a club to enter a number of races and events we all enjoy. You will continue to have the opportunity to be individual members of EA receiving the benefits which come with that. Additionally, we will be registered with the Charity Commission but this is not something any individual member needs to do anything about, just as you don't when you take part at parkrun.

### **Will we still be members of British Cycling?**

The Stragglers has membership of British Cycling on behalf of the Stragglers and we will continue to do this. We accept that cycling is not mentioned in the first of our two objects and this is because, principally, we exist as a running club. However we know many members enjoy this group specifically (and cycling in general) and are keen to see it continue. Cycling benefits us as runners, but also directly supports our object 'the health and wellbeing of all'.

### **Will we still be competitive?**

Absolutely. We believe setting personal targets and achieving success in teams is very important for many members in terms of enjoyment and self-confidence. Every week we see examples of people feeling good because they've run a personal best, have performed well in their age group, or been part of a winning team and this directly supports the object 'health and wellbeing of all'.

### **Will my experience as a Straggler change?**

We don't think it will. We will still offer our week-round programme of training sessions and will remain active participants in races and events we currently do (such as cross-country, Surrey Road League and relays). When you attend any of these, we expect it to feel just the same as it does now. The Stragglers is a great place to be a runner. We are a competitive force, our training sessions are well attended and our membership numbers are extremely healthy (approximately 600). This is thanks to the hard work and commitment of many members and we do not wish to change this.

### **Will we keep our existing constitution?**

No. To become a CIO requires us to adopt ways of working set out by the Charity Commission which are not included in our current constitution. The new version is still in draft form (available with this Q and A document) and follows the standard format a CIO would use. There are things which we can do as a CIO which we can't under our current constitution as an unincorporated association, one of which is employ people. This is not something we are planning to do for the general operation of the club but is an option we might consider when it comes to race organisation for example. As mentioned in a previous answer, our current constitution does not permit anyone to vote who is not physically in attendance at our AGM, but the new one will.

### **Will we keep our existing name?**

Yes. It would be possible to register as a CIO under a new name but we feel The Stragglers Running Club is a well-known and well-respected name within the running community.

### **Will we still charge a membership fee and will it change?**

We will continue to charge a membership fee. What amount this is set at doesn't change just because we become a CIO. The same factors which decide what we charge will remain such as needing to cover costs, funding our ambitions and being an attractive option for new potential members. If it is felt the fee structure needs to be adapted to ensure we meet our newly stated objects then the trustees will need to consider this. The approval of any increase in membership subscriptions will be made in the same way that it is at the moment – by a vote of members at the AGM.

### **If we become a charity, can we still give to other charities?**

Yes. At the point of registration we need to state that this is one of our objectives. There are thousands of charities who exist to donate to other charities with some also supporting individuals. Any donation will have to be approved by the trustees. This will have an impact on River Relay, where winning teams nominate the charity they wish to support, but we don't envisage any problems and will work with the organising team of the River Relay to agree how this is continued.

### **After the AGM, what happens next?**

If the AGM on September 26 approves the proposal put before it, the next step will be the arrangement of a Special General Meeting. If this meeting votes it's approval, we expect the process to become a CIO to take around six months. This will also allow for sufficient time to have our trustee board and management team in place so that the move is smooth and day-to-day activity within the club is not affected.

### **What's the long-term vision? What will The Stragglers look like in 10-years' time?**

Whilst it's difficult to give a very clear future picture; in 10-years' time we would envisage that The Stragglers will be a larger club than now offering all that we offer today in terms of training, racing and socialising but with even more activities on offer. We will have stronger links with local charities and the local community and be well known as a good thing and strong running community in our area. That's a good, generic description of a CIO!