

## **A summary guide to support the proposal for The Stragglers to move to Charitable Incorporated Organisation (CIO) status**

At the club's AGM on 26 September 2024, the members present agreed to hold a Special General Meeting to discuss the committee's proposal for the club to become a CIO. A number of members expressed their opinion that the information presented to them around the CIO transition was complex and therefore difficult to form an opinion on whether this would be a beneficial move for the club.

In response to the feedback at the AGM, this paper aims to set out a summary picture of:

- What a CIO must do;
- The expected benefits to the club of transitioning to CIO status, and;
- The possible disadvantages to the club of transitioning to CIO status.

We recommend you read this paper in conjunction with the Q&A document on the CIO Proposal, and if you have any comments or questions, please continue to send them through to [cio@stragglers.org](mailto:cio@stragglers.org) and if not already covered, we will add it and any response to the Q&A document.

### **What a CIO must do**

From the England Athletics Guide ***Athletics Clubs: Legal Structure and Special Tax (including 'not-for-profit') status***

Athletics clubs applying to register as a charity will need to show that they:

- promote **community participation in healthy recreation**;
- have **open membership**;
- are **amateur**;
- are **for the public benefit**;
- have **membership fees** which are affordable for the majority of the community;
- may **organise competitions and team structures**;
- if **facilities or coaching** is allocated to higher performing members, the club must be able to demonstrate equal treatment of less skilled and less competitive members
- exist for the **benefit of the general public** (or a sufficient section of it) rather than just its members;
- promote **community participation in healthy recreation** or advance amateur sport rather than provide social facilities;
- will register **with HMRC to obtain the relevant tax reliefs and exemptions**;
- have "**fit and proper persons**" to act as Trustees.

## The expected benefits to the club of transitioning to CIO status

- It will allow **more members to be involved in running the club**. In addition to a smaller board of Trustees, the club will be run by a Management Committee who will not be expected to take on overall club responsibility allowing more members to be involved;
- **Public perception** – Charitable status is widely understood by the public which provides the ability to attract new funding from grant-making bodies, businesses and individuals;
- **Tax benefits** – the club will no longer be liable to corporation tax on its current business activities as the races we organise will be considered primary purpose activity, and therefore allowable as charity activity. In addition, donations will be eligible for gift aid and some VAT relief may be applicable to certain types of club expenditure;
- The club will be able to **fundraise** as a charity;
- In general, charity status will encourage **better club organisation, discipline, policies and governance** to support the long-term strength and vibrancy of the club;
- Establishing ourselves as a CIO will provide **stability and a clearer vision** for what we wish to achieve as a club in future;
- CIO status also gives **extra protection** to those who run the club.

## The possible disadvantages to the club of transitioning to CIO status

- **Registration** – 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 (out existing constitution requires the club in the event of winding up to transfer its assets to an organisation with similar Objects or a registered charity);
- All members of the club must generally be members who **participate in the club's sporting activities and the club cannot have purely social members** (although we may have members who are supporters of the club or members who wish to remain members of the club but who are unable to participate for reasons of age or ill-health) ;
- There are certain requirements which a charity/CIO must comply with – **see the list of what a CIO must do above**;
- Participants **must be amateur** and may not be paid although travel expenses for instance may be paid, and professional services eg: coaching services, may be paid for;
- A charity **cannot perform non-primary purpose business** eg: running a bar;
- There are certain **compliance and reporting requirements** for a charity.