

Notification of Intention to Change PMG's status from Registered Charity to Charitable Incorporated Organisation

Background

All charities operating in England and Wales must be registered with the Charity Commission. The Trustees of such charities are personally responsible for any financial losses borne by the charity. Most of PMG's Executive Committee are Trustees (with the exception of our External Advisor and co-opted members) and would be jointly financially responsible in the event of a financial disaster.

Historically, any charities in England and Wales operating as businesses had to be registered with Companies House as well as with the Charity Commission. Financial reporting was also required to both bodies, making the task extremely onerous. However, in 2012, the government created the status of Charitable Incorporated Organisation (CIO) to allow charities to operate as businesses, but report their finances only to the Charity Commission. This legal status is similar to a Limited Company, and means that the financial liability for the charity lies with the taxpayer.

In October 2013, PMG's Executive Committee sought advice from Charity Registration Solutions (a London-based company specialising in the subject, see <http://www.charityregistrations.co.uk/>) to investigate what becoming a CIO could mean for PMG. Following much discussion, the Executive Trustees voted to change status. It is, however, a decision which must be ratified by you, our members.

The following Q&A may help you to make your decision.

1. What does becoming a CIO mean for PMG in practice?

- a) Becoming a CIO means that Trustees would no longer bear any financial losses incurred by the Charity;
- b) PMG will be issued with a new charity number;
- c) The constitution may change slightly to reflect the legalities of the new status;
- d) PMG continues to report only to the Charity Commission;
- e) No visible differences will be noticeable to the members.

2. Will PMG still be a Charity?

Yes, the charitable "objects" (aims) of PMG will remain unchanged. PMG will just become a different type of charity.

3. Why change?

In addition to removing the financial liability of Trustees, changing PMG's status to a CIO allows flexibility for growth. At the moment our business decisions are limited by our charitable status and heavy reliance on volunteers which makes progress slow.

It does NOT mean that Trustees will become irresponsible and make decisions that are not in the best interests of our membership. Nor will we waste resources. It simply means we can consider a greater range of options, such as paying for services where there is a gap in our volunteer skills, or where a particular action needs completion faster than volunteers can manage.

4. Does it cost anything to change?

Yes. There is a one-off fee of £495 (including VAT) payable to Charity Registration Solutions to oversee the whole process. Once the process is complete, there are no further costs involved.

5. How long will the change process take?

That depends on the volume of charities being progressed through the system, but it is anticipated to take between 6-12 months. PMG will remain a Registered Charity until the process of change to CIO is complete.

6. Where can I find out more information?

You can read more about CIOs at [http://www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/what-type-of-charity-to-set-up/charitable-incorporated-organisations-\(cios\)/](http://www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/what-type-of-charity-to-set-up/charitable-incorporated-organisations-(cios)/)

7. What do I need to do next?

It's very easy...

- Read the information.
- Check your membership status (and renew if necessary).
- Click <http://www.pmguk.co.uk/vote2014.html> no later than **20th June 2014**.
- Vote.

Thank you

Clare Canale
PMG Chair

The Posture & Mobility Group Registered Charity No. 1098297