



Committee and Date Shropshire Hills AONB Partnership 19 March 2013	Item 5
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PROPOSED SHROPSHIRE HILLS CHARITABLE INCORPORATED ORGANISATION

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Summary

This paper considers the development of a charitable organisation linked to the Shropshire Hills AONB Partnership using a new legal structure. This would be flexible and able to take on a range of current and new activities centred around securing income from trading, donations, and funds open to the charitable sector, and spending this income to benefit the AONB through grants or direct delivery of projects. This new organisation would be managed by a Board of Trustees made up of interested and knowledgeable individuals and supported by the Shropshire Hills AONB Team. This proposal replaces earlier ideas to develop the Friends of the Shropshire Hills AONB as a charity, and achieves wider aims in addition.

Background

A Charitable Incorporated Organisation (CIO) is a new legal structure that has the benefits of incorporation without having the administrative burden of dual registration and regulation under both charity law and company law. This means that a CIO reports only to the Charities Commission, and not in addition to Companies House. This new legal structure has been created to help achieve the Government's aim of making it easier to set up and run a civil society organisation. The Charities Commission will be accepting applications for CIOs shortly. Whilst this is a new and easier structure to get involved with, further advice will be sought to ensure that this is the most appropriate structure for the objectives and activities described. A constitution is required which sets out how the organisation will work and defines its charitable objects.

Proposed purposes for a Shropshire Hills CIO

The proposed purposes of developing a CIO closely linked to the AONB Partnership are:

1. *To raise funds for the Sustainable Development Fund (SDF) and other activity involved in delivering the Shropshire Hills AONB Management Plan.*

This has become a priority following the cuts to Defra and Local Authority funding to the AONB Partnership and funding deficits in other partner organisations. The development of the CIO will enable applications to be made to private trusts and other funders who do not accept applications from public bodies.

2. *To encourage donations, legacies and membership and enable gift aid.*

The charitable status of the organisation will encourage donations, membership and legacies and will enable donations from those in employment to be eligible for gift aid. This would include the development of the Friends of the Shropshire Hills AONB membership scheme, and proposals to develop associated schemes to encourage 'visitor giving'. These may be used towards SDF as at present or for other purposes.

3. To provide a mechanism for employing staff and owning or leasing property for specific projects.

This is especially relevant to projects which cannot be run through the Council, e.g. funding not eligible for public sector deliverers. If the CIO was the applicant in these cases, it would also need to deliver the projects, as 'buying' the delivery through the Council employed staff would incur VAT. Owning or leasing property may not be immediately on the horizon, but in some other AONBs this has occurred through legacy from larger projects or through the opportunity to take on a property asset relevant to the AONB which would add financial weight and stability to the organisation and/or enable income generation.

Activity suggested to be transferred into the CIO

Initially it is felt that the following could be transferred into the Shropshire Hills CIO:

- Sustainable Development Fund grants
- Friends of the Shropshire Hills AONB membership funds
- Sustainable Business Scheme membership funds
- Guided walks income
- Events programme including advertising income
- Events and workshops
- Shuttle buses
- Promotions and trading e.g. mugs, Up 'n' Down beer

Currently, the total income from these activities is around £25,000 per annum. The administration of these often small amounts of money through a CIO would reduce the burden on the Council Finance team and also allow more flexibility in their use (e.g. SDF grants not tied rigidly to a Financial Year). Whilst these are the current priorities it will be worth bearing in mind that the organisation could take on a wider remit for the AONB Partnership in the longer term. The more activity the CIO took on, the greater would be the responsibility on the Trustees, and development of this role would need to be allowed for.

Identity

The CIO would need a name which encompasses a wide possible range of activities, links to the Shropshire Hills, and encompasses the values of giving to and supporting activities linked to AONB purposes, e.g. The Shropshire Hills Trust, or Cherish Shropshire Hills. An associated image/brand/ marketing style would also need to convey these values in a manner appropriate to the key target audiences.

This proposal does come instead of earlier ideas which have been worked on to develop the Friends of the Shropshire Hills AONB as an independent organisation in its own right. It is felt that through the CIO the key advantages for the Friends of charitable status and separation from the Council could be achieved, along with direct link to payment of SDF grants from subscriptions, without having to negotiate the potentially problematic area of the relationship between the Friends group and the AONB Partnership. This would stay as it currently is, as a group run by the AONB Partnership and existing purely to enable people to support the AONB Partnership and its activities. It would also avoid the need for an additional charitable/ trading structure to do some things which would not be suitable within a separate Friends organisation.

Proposed timetable

Presentation to the AONB Partnership	19 March 2013
Development Group formed	End March 2013
Draft constitution discussed at Management Board	23 May 2013
Trustees recruited	End July 2013
Business Plan created	Early Sept 2013
Draft application and business plan to Management Board	12 Sept 2013
Application made to the Charity Commission	End Sept 2013
Response from the Charity Commission (40 days)	Mid Oct 2013

Involvement of the AONB Partnership and others

Initially a small group will be pulled together to develop the Charity Commission's application and business plan for the CIO. They will need to be people with specific experience in the creation of charities or businesses and knowledge of the AONB Partnership objectives. Once the application has been developed a number of Trustees will need to be recruited. The Charity Commission recommend between 3 and 15 Trustees. An appropriate recruitment process will need to be developed to ensure the most appropriate people are taken on. The Trustees will be recruited for a set period and new appointments phased to ensure continuity. The Board of Trustees should be able to make informed decisions about the activity covered and will be backed up by Steering Groups for specific activity where necessary. The CIO structure provides for limited liability on Trustees, who also must not be beneficiaries of the organisation's activities. There may be benefit in having one or more AONB staff members as Trustees but this needs further consideration.

Recommendation

The Partnership is recommended to support moves towards formation of a Shropshire Hills CIO, subject to further research and advice.

List of Background Papers

There is considerable guidance on the new CIOs on the Charity Commission website (http://www.charity-commission.gov.uk/FAQS/Registering_a_charity/FAQs_about_CIOs/default.aspx)

Human Rights Act Appraisal

The information in this report is compatible with the Human Rights Act 1998.

Environmental Appraisal

The recommendation in this paper will contribute to the conservation of protected landscapes.

Risk Management Appraisal

Risk management has been appraised as part of the considerations of this report.

Community / Consultations Appraisal

The topics raised follow on from earlier discussions with Partnership members.

Appendices

None