



## Nassington Pre-School CIO

### WHY THE CHANGE?

Nassington Pre-School's charity structure was an unincorporated association. This is one of the most common structures for a charity of our size. One main drawback of this structure, however, is that it exists in law as a collection of individuals (the Members and the Trustees). It does not have its own separate identity, which means that any contracts or liabilities that the charity enters into have to be made on behalf of the charity by individuals. These activities mean that the Trustees of the charity, were responsible not only for furthering the aims of the charity and looking after its assets, but exposed to all of the liabilities and responsibilities concerned with running any ordinary commercial business. This was starting to become a major deterrent to those Members interested in getting involved with the Pre-School, without whom the charity could not continue. This was the main reason to register as a new CIO, offering the Trustees and Members greater protection against these operational liabilities of the charity.

### THE PROCESS

There is no getting away from it took a whole year from start to finish to complete the conversion to CIO. There are a lot of different areas that required action:

- The Charity Commission
- Employees & Pensions
- Insurance
- Policies & admin updates
- The Bank and bank accounts
- HMRC
- New Constitution
- Third Party Contracts
- Suppliers
- Registrations
- Funding providers
- Tenancy (if applicable)
- Permanent Endowment (if applicable)
- Ongoing Administration and considerations
- Ofsted



### **WHO WAS INVOLVED?**

- The Secretary of the Pre School Committee undertook the challenge of the project to change the Charity to CIO. There were so many moving parts it needed one person to do, co-ordinate and fully understand the different elements to make it all happen.
- The Pre-School Learning Alliance were hugely supportive, offering helping guidance through documents and telephone advice.
- We also instructed a Solicitor to produce the necessary legal documents for the assignment of our Lease, Transfer of Assets Agreement and other areas that we felt needed legal advice.

### **PARTICULAR CHALLENGES:**

- Ofsted said that as the CIO was a new legal entity they were insistent that we could not continue to operate under our existing Ofsted number and had to apply for a new number. This not only created a lot of extra work for the Pre-School and one assumes Ofsted (i.e. an assessment as a “new setting” despite being known to them and recently achieving outstanding for a second time) but unnecessary stress on the pre-school staff. This also meant there was a period of time when the Pre-School would not have any Ofsted rating.
- The bank were also insistent that we had to apply for a new bank account under our CIO status. We ended up changing banks as our existing bank wouldn't accept a charity under their new applicant's policy!

### **COST:**

- The Secretary of the Pre-School Trustees did this in her own time to ensure the Pre-School were able keep costs to a minimum.
- Our Solicitor's costs were approx. £3,500 & VAT with some additional time charges from our Accountant on setting up the new bank account.



**WOULD WE DO IT AGAIN?**

Absolutely! The benefits outweigh the amount of work involved, the short term non Ofsted status, the small increase in administration and cost involved in changing the legal structure of the charity, the majority of which has ceased after the transition period.

The risk of personal liability was of major concern for individuals who wished to support the Pre-School (the charity) as Trustees. By removing this key obstacle through adopting the CIO structure, which offers the reassurance of greater protection from personal liability, it is of significant long-term advantage that is vital to the future success of Nassington Pre-School, which depends on the excellence of its employees and the contribution made by volunteers.