Legal Structures for Social Enterprises (including charities and non-profits)

Voluntary Impact Northamptonshire

General

There are a variety of possible structures that organisations could consider when deciding who or what they wish to be. These are for guidance ONLY. Organisations should always take the requisite Legal Advice before deciding on which structure suits best.

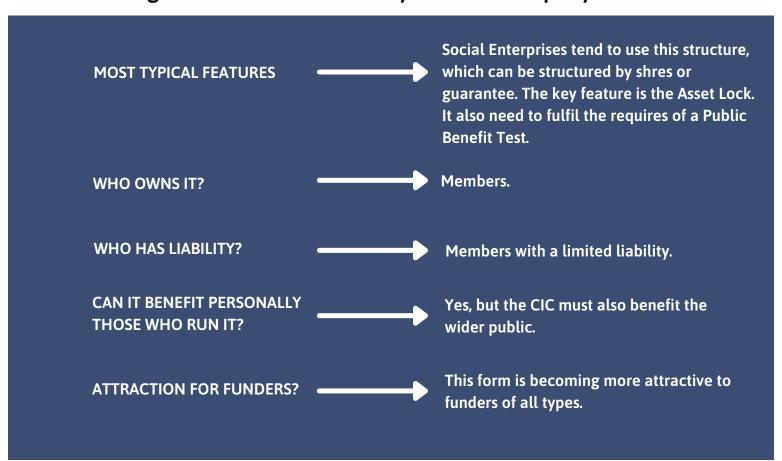
Legal Structure - Unincorporated Association

MOST TYP	ICAL FEATURES		Informal by its very nature and loosely based upon an agreed set of rules.
WHO OWN	IS IT?		Its governed according to its own rules and therefore bo one person has outright ownership.
WHO HAS	LIABILITY?		The members of the Unincorporated Association.
CAN IT BEI PERSONAL RUN IT?	NEFIT LY THOSE WHO		This largely depends upon its rules.
ATTRACTIO	ON FOR FUNDERS?		Very limited attraction for funders.

Legal Structure - Trusts

MOST TYPICAL FEATURES		Trusts can hold assets and can separate a legal interest from any economic interest.
WHO OWNS IT?		The Assets are owned by Trustees for furthering the cause of its beneficiaries
WHO HAS LIABILITY?	→	Trustees are personally liable.
CAN IT BENEFIT PERSONALLY THOSE WHO RUN IT?		Trustees cannot generally benefit from the Trust as they run this for the purpose of supporting its beneficiaries.
ATTRACTION FOR FUNDERS?		Trusts may be grant givers. If they secure investment from Corporate Bodies, they need to ensure they are structured well and have a compelling Mission Position.

Legal Structure - Community Interest Company or CIC



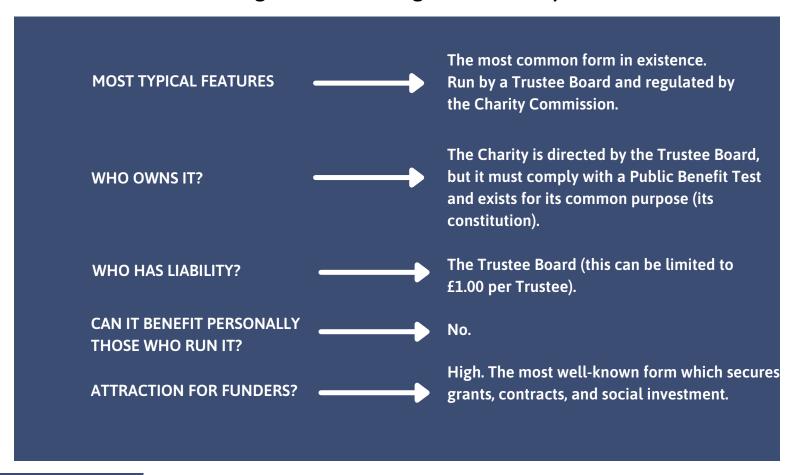
Legal Structure -Charitable Incorporated Organisation or CIO

A corporate structure designed for charities **MOST TYPICAL FEATURES** and regulated by the Charity Commission. Members. The form is like that of a company **WHO OWNS IT?** although Directors are called Trustees. Members have no liability, and the CIO will WHO HAS LIABILITY? enter contracts in its own right. **CAN IT BENEFIT PERSONALLY** Trustees can only benefit if the constitution, THOSE WHO RUN IT? the Charity Commission or UK law allow. This form is typically funded through grants ATTRACTION FOR FUNDERS? and unsecured loans.

Legal Structure - Special Purpose Vehicle or SPV



Legal Structure - Registered Charity



NOTES

Reference was made within this content to Social Impact Bonds, but what are? Social impact bonds (or SIBs) are designed to overcome the challenges governments have in investing in prevention and early intervention. They mitigate the risks of failure and bring in impact investors, who want to test innovation and scale successful programmes. Investors provide flexible funding to programmes that are designed to be responsive to the needs of vulnerable groups to improve their lives.

Social impact bonds provide investment to address social problems and look to fund preventative interventions. They link financial success to the delivery of measured social outcomes. If, and only if, the social outcome improves, the outcome payer repays the investors for their initial investment plus a return for the financial risks they took.

Since Social Finance pioneered social impact bonds in 2010, the concept has captured widespread interest across the globe. There are currently more than 120 SIBs in 24 countries, mobilising more than £300m of investment into tackling complex social issues such as refugee employment support, loneliness among the elderly, rehousing and reskilling homeless youth, and diabetes prevention.

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