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**Pride in Fleetwood**
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# Pride in Fleetwood Board Supplement

## Pride in Fleetwood Board meeting on Thursday, 15 October 2026 at 5.30 pm in the Community Hall - Emmanuel on the Mount Church, Fleetwood

**8. Community led delivery model - organisational models** (Pages 3 - 14)

Mark Spencer, Chair of the Pride in Fleetwood Board, will provide the Board with an update on the options for the community led delivery model in particular “Pride in Fleetwood CIC” v existing community based organisation.

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Agenda Item. 11

# Potential Legal Structures– Fleetwood Pride In Place

**Report author**: Andrea Wallace

**Report to** Fleetwood Pride in Place Board

**Date**: 20/08/2026

**Decision Required?** Thoughts For Future Discussion as A Board

**Subject**: Future Legal Structure for Fleetwood Pride in Place

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Does the report contain information which has been identified as confidential?

☐ Yes ☒ No

If yes, please specify the reason that the report is confidential below:

| |
|---|
| Not Applicable |

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**Summary of main issues and governance considerations**

1. Present potential structures for the future of the Fleetwood Pride in Place Board

**Recommendations**

2. To read and consider the varying structures contained within this report and hold further discussions as a Board on the preferred Legal Structure for Fleetwood Pride in Place, with financial and legal advice provided.

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## 1 Purpose of this report

1.1 To provide a synopsis of potential Legal Structures that Fleetwood Pride in Place Board should consider.

## 2 Background information

2.1 Request made by the Chair, Dr Mark Spencer, to provide a synopsis of legal structures which Fleetwood Pride in Place Board should consider.

2.2 As a community board develops, particularly where it will be responsible for significant public or grant funding, commissioning projects, employing staff, entering into contracts and potentially owning community assets, there can be considerable advantages in establishing the board as an independent legal entity. Incorporation provides the organisation with its own legal identity, gives greater continuity when

individual board members change and can provide limited liability protection for members and directors.

2.3 For a community-led board, the principal structures worth considering are a **Community Interest Company (CIC), Company Limited by Guarantee (CLG), Co-operative Society, Community Benefit Society (CBS) and Charitable Incorporated Organisation (CIO)**. Although a Community Benefit Society is closely related to the co-operative model, it is particularly important to consider it separately because its purpose is the benefit of the wider community rather than primarily the benefit of its members.

## 3 Legal Structures for Consideration

### 3.1 **Community Interest Company Limited by Guarantee**

A Community Interest Company (CIC) is a special type of limited company specifically created for organisations undertaking activities for community benefit rather than primarily for private profit. It is registered through Companies House and subject to additional oversight by the Regulator of Community Interest Companies.

For a community board, the most appropriate version would normally be a CIC Limited by Guarantee, rather than a CIC Limited by Shares. There are no shareholders and members normally guarantee a nominal amount, often £1. Government guidance specifically notes that the limited-by-guarantee model may be appropriate where dividends are not required and that funders can look favourably upon CICs limited by guarantee.

**Advantages**

- **Strong community identity.** The CIC designation immediately demonstrates that the organisation has been established for community benefit.
- **Separate legal identity.** The CIC can employ staff, enter contracts, receive funding and own assets in its own name.
- **Limited liability.** Board members/members generally have protection from personal liability, subject to the normal duties and responsibilities applying to directors.
- **Asset lock.** CIC assets are protected so that they continue to be used for community benefit rather than being distributed privately.
- **Continuity.** The organisation continues irrespective of individual directors or board members leaving.
- **Flexible governance.** A CIC can have a relatively small membership or a much wider membership structure. Government model constitutions exist for both approaches.
- **Suitable for trading.** The organisation can generate income, commission services and operate commercial activities provided these support its community purpose.

- **Recognisable structure.** Councils, businesses, funders and other organisations are generally familiar with companies and CICs.

**Disadvantages**

- There are additional reporting requirements compared with an ordinary company, including reporting on how the organisation has benefited the community.
- It does not automatically receive the tax advantages available to registered charities.
- The asset lock reduces flexibility over how assets can ultimately be distributed.
- Once an organisation becomes a CIC, it cannot simply convert back into an ordinary company; the principal alternatives are dissolution or conversion to a charity/CIO.
- Unless the Articles are carefully drafted, community participation can become advisory rather than genuinely democratic, with substantial power resting with directors.

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### 3.2 Company Limited by Guarantee

A Company Limited by Guarantee (CLG) is a conventional limited company structure frequently used by associations, membership organisations and not-for-profit organisations. Instead of shareholders holding shares, the company has members who guarantee a nominal amount if the company is wound up.

Importantly, being limited by guarantee does not itself mean that an organisation is legally not-for-profit. The community purpose and restrictions on distributions therefore need to be established through appropriately drafted Articles of Association.

**Advantages**

- Well-established and widely understood legal structure.
- Registered through Companies House.
- Separate legal personality.
- Can employ staff, enter contracts, receive grants and own property.
- Limited liability for members.
- Considerable flexibility when designing the organisation's governance arrangements.
- Membership can potentially include residents, community organisations, businesses and other stakeholders.

- Generally straightforward and comparatively inexpensive to establish and administer.
- Provides flexibility should the organisation's activities evolve significantly in future.

**Disadvantages**

- No statutory community asset lock equivalent to that automatically applying to a CIC.
- The words "Limited Company" do not themselves communicate a community or social purpose.
- Funders and residents may require additional reassurance about how assets and surpluses are protected.
- The Articles would need to contain strong provisions concerning community purpose, membership, conflicts of interest, distribution of surpluses and disposal of assets.
- Without carefully designed membership arrangements, control could potentially become concentrated among a relatively small number of individuals.

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### 3.3 Co-operative Society

A Co-operative Society is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. The FCA describes co-operative societies as businesses run for the economic, social and cultural benefit of their members.

The fundamental distinction is important: a co-operative is principally organised around its members and their common needs, whereas a community board is frequently expected to act for the wider community, including people who are not members.

**Advantages**

- Strong democratic principles.
- Provides opportunities for genuine community/member ownership.
- Usually operates on the principle of one member, one vote, rather than voting power being determined by investment.
- Can encourage meaningful participation rather than consultation alone.
- Particularly suitable where residents themselves are intended to become members and owners of an enterprise.
- Can generate income and trade.

- Can build a strong sense that an organisation belongs to its membership rather than to a small board.

**Disadvantages**

- The central purpose of a co-operative is normally meeting the needs of its members, which may not perfectly align with a board whose responsibility is to the whole geographical community.
- Wider membership can make governance and major decision-making more complex.
- Maintaining active membership requires significant administration and engagement.
- It is registered with the FCA rather than Companies House, meaning a different regulatory regime.
- The organisation needs to demonstrate that it genuinely operates according to co-operative principles.
- It could create questions about whether non-members are adequately represented when decisions concern funding intended to benefit an entire town or neighbourhood.

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### 3.4 Community Benefit Society

A Community Benefit Society (CBS) deserves consideration alongside the three structures above.

Like a co-operative society, it is registered with the FCA under the Co-operative and Community Benefit Societies Act 2014. However, there is a crucial difference: the purpose of a Community Benefit Society is to conduct its business for the benefit of the wider community, rather than primarily for its members.

The FCA also indicates that community benefit societies would generally be expected to operate democratically on a one-member, one-vote basis.

**Advantages**

- Explicitly designed around community benefit.
- Strong democratic/member-led governance.
- Potentially excellent fit for a geographically based community organisation.
- Can give residents a formal stake and vote in the organisation.
- Separate incorporated legal identity.
- Can own community assets and enter contracts.
- Particularly attractive were community ownership of buildings, land or other assets may form part of the organisation's long-term ambitions.
- Provides continuity beyond individual board members.

- Creates the opportunity for the organisation to become genuinely community-owned rather than simply community-focused.
- Can potentially facilitate community share models where appropriate.

**Disadvantages**

- More specialist than a normal company or CIC and therefore may initially be less familiar to board members and some partners.
- FCA registration and society law create a different administrative framework from Companies House companies.
- Democratic membership arrangements can make governance more complex.
- A large membership requires systems for membership administration, meetings, voting and communication.
- The organisation must genuinely operate for community benefit to continue satisfying the conditions of registration.
- Specialist professional advice may be needed when establishing the rules.

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### 3.5 Charitable Incorporated Organisation (CIO)

A Charitable Incorporated Organisation (CIO**)** is a legal structure specifically designed for charities in England and Wales. It provides an organisation with its own separate legal identity**,** meaning that the CIO itself can enter into contracts, employ staff, own or lease property, receive funding and hold assets rather than these responsibilities falling personally on individual trustees.

A CIO must operate exclusively for charitable purposes and for the public benefit and is registered and regulated by the Charity Commission for England and Wales. Unlike a charitable company limited by guarantee, a CIO does not normally need to register with Companies House, meaning it has a single principal regulator.

There are two main CIO models:

- **Foundation CIO** – the trustees are the only members of the organisation. This can provide a simpler governance structure where a relatively small board is responsible for strategic direction and decision-making.
- **Association CIO** – has a wider voting membership in addition to its trustees. This can be particularly suitable for a community organisation wishing to give residents, community representatives or other members a formal voice in the organisation.

For a community board seeking to become an independent organisation, an Association CIO could therefore provide a mechanism for maintaining wider

community involvement while establishing a formal, accountable charitable organisation.

**Advantages**

- A CIO is a registered charity and can benefit from the credibility and recognition associated with charitable status. This can be particularly advantageous when approaching charitable trusts, foundations and other grant-making organisations.
- The CIO exists independently from its trustees and members. It can enter contracts, employ staff, hold property and undertake other activities in its own name.
- Trustees and members generally benefit from protection against personal liability for the organisation's debts and contractual obligations, provided they act appropriately and within their legal responsibilities.
- Charitable status can provide access to funding streams that may only be available to registered charities, including charitable trusts, foundations and philanthropic funders.
- A CIO registers with and reports to the Charity Commission rather than having the dual Charity Commission and Companies House reporting requirements that apply to charitable companies.
- An Association CIO can create a wider membership structure, providing opportunities for community members to participate in governance and important organisational decisions.
- Assets must continue to be used to further the CIO's charitable purposes. This provides reassurance that assets accumulated for community benefit cannot simply be distributed for private gain.
- Registration with the Charity Commission provides an established framework for governance, financial reporting and public accountability, which can provide reassurance to residents, partners and funders.
- Subject to meeting the relevant requirements, charities can benefit from a range of tax reliefs and may also be eligible for schemes such as Gift Aid.

**Disadvantages**

- A CIO must operate exclusively for legally recognised charitable purposes and public benefit. This can make it less flexible than structures such as a Community Interest Company where an organisation wants to undertake a broader range of social enterprise or commercial activities.
- The organisation must comply with charity law and Charity Commission requirements, including reporting, accounting and governance obligations.
- CIO trustees have significant legal responsibilities. They must act in the charity's best interests, manage resources responsibly, manage conflicts of interest and ensure that the organisation continues to fulfil its charitable purposes.
- Trustees generally cannot receive personal financial benefit from the charity simply because they are trustees. Paying trustees or entering certain financial arrangements with them requires careful consideration of charity law and the CIO's constitution.

- Unlike a Community Benefit Society, a CIO is not designed to raise investment through withdrawable community shares**.** This could be a significant disadvantage if community ownership and community investment are long-term ambitions.
- Money and assets must be applied towards the CIO's charitable objectives. Although this provides strong protection for community resources, it also reduces organisational flexibility.
- The organisation must demonstrate that its purposes and activities deliver identifiable public benefit rather than primarily benefiting its members or a closed group.
- Certain constitutional changes, particularly changes affecting charitable purposes, may require Charity Commission consent or approval.

**4. Comparison**

**4.1 A comparison at a glance chart has been created See Appendix 1**

**5. Recommendations**

5.1. Legal and Financial advice sought, including presentation to the Board.

5.2 All members of the Fleetwood Pride in Place Board vote on final preferred options.

5.3 Information sharing - Ensure Fleetwood Pride in Place Board brief all members of the Community, including stakeholders, businesses and residents. Providing them an opportunity to comment on proposals.

5.4 Information sharing - The decision reached is shared with MHCLG for their comment.

5.5 Public announcement of how the decision has been reached.

**Appendix 1**

Below is a comparison for the main practical structures .

The right choice depends particularly on whether the organisation wants community ownership, charitable status, trading freedom, an asset lock, community shares, or a simple membership structure. Government guidance recognises companies, charities/CIOs, co-operatives and CICs as common structures for social/community enterprises.

## Community Group Legal Structure Comparison

| Area | Community Interest Company (CIC) | Company Limited by Guarantee (CLG) | Co-operative Society | Community Benefit Society (CBS) | Charitable Incorporated Organisation (CIO) | Unincorporated Association |
|---|---|---|---|---|---|---|
| **Primary purpose** | Community/social benefit | Flexible non-profit/community organisation | Benefit of its members through co-operation | Benefit of the wider community | Exclusively charitable purposes | Small voluntary/community group |
| **Separate legal entity** | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ❌ No |
| **Limited liability** | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Generally | ❌ Generally not |
| **Main regulator** | Companies House + CIC Regulator | Companies House | FCA | FCA | Charity Commission | None specifically |
| **Asset lock** | ✅ Statutory | ❌ Not automatically | ⚠ Can be incorporated into arrangements | ⚠ Can have statutory asset lock | ✅ Charitable assets protected | ❌ Not automatically |
| **Can trade** | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes, subject to charity rules | ✅ Limited/practical constraints |

| Area | Community Interest Company (CIC) | Company Limited by Guarantee (CLG) | Co-operative Society | Community Benefit Society (CBS) | Charitable Incorporated Organisation (CIO) | Unincorporated Association |
|---|---|---|---|---|---|---|
| **Can employ staff** | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ⚠ Possible, but individuals may contract personally |
| **Can own property in own name** | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ✅ Yes | ❌ Usually trustees/individuals must hold it |
| **Charitable status** | ❌ CIC itself cannot be a charity | ✅ Possible if charitable | Generally ❌ | ✅ Potentially, if charitable | ✅ Yes | ✅ Possible |
| **Community/member ownership** | ⚠ Possible but not inherently democratic | ⚠ Membership can be designed into articles | ☆ Excellent | ☆ Excellent | ✅ Foundation or association model | ✅ Membership-based |
| **One member, one vote** | Optional | Optional | ☆ Typically central to model | ☆ Typically expected | Possible | Usually possible |
| **Community shares** | ❌ Not in the CBS/co-op community-share sense | ❌ | ✅ Yes | ☆ Yes | ❌ | ❌ |
| **Profit/surplus** | Reinvested for community purpose, subject to CIC rules | Determined by articles | Primarily supports members/co-operative purpose | Reinvested for community benefit | Must further charitable purposes | Normally reinvested |

| Area | Community Interest Company (CIC) | Company Limited by Guarantee (CLG) | Co-operative Society | Community Benefit Society (CBS) | Charitable Incorporated Organisation (CIO) | Unincorporated Association |
|---|---|---|---|---|---|---|
| **Grants** | ☆ Good | ☆ Good | ☑ Possible | ☆ Very good for community enterprise | ☆ Excellent for charitable funding | ☑ Often suitable for smaller grants |
| **Commercial contracts** | ☆ Strong | ☆ Strong | ☆ Strong | ☆ Strong | ☆ Strong | ⚠ Less suitable for substantial contracts |
| **Community asset ownership** | ☆ Good | ☆ Good | ☆ Good | ☆☆☆ Excellent | ☆☆ Excellent | ⚠ Weak |
| **Governance burden** | Medium | Medium | Medium–High | Medium–High | Medium | Low |
| **Best suited to** | Social enterprise/community delivery organisation | Flexible incorporated community body | Member-owned enterprise | Community-owned assets/enterprise | Charitable community organisation | Small/new voluntary group |

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