

Hall Committees and Legal Structures

Committees

A hall committee is the governing body responsible for organisation of the group managing the hall. Everything the committee does is called governance. Good governance is essential to successful hall management.

Advice on all aspects of governance can be found here:

<https://scvo.scot/support/running-your-organisation>

<https://www.avashire.org.uk/governance.html>

and for registered charities:

<https://www.oscr.org.uk/managing-a-charity/>

https://www.oscr.org.uk/media/3621/v10_guidance-and-good-practice-for-charity-trustees.pdf

https://www.oscr.org.uk/media/2560/v10_being-a-charity-in-scotland_print-friendly-version.pdf

Information on the need and importance of record keeping can be found here:

SCVO members can access a governance check-up here

<https://scvo.scot/support/running-your-organisation/governance/scottish-governance-code-checkup>

All Committee members have a legal obligation to make sure the relevant laws are complied with. These laws are covered in the Legal Requirements chapter of this document, and include equality laws, data protection and health and safety, child protection, and employment law if there are paid staff.

Legal Structures

A village hall is a charitable community facility that is available to the public in a particular area for community-related recreational activities.

Groups managing halls should operate under a legal structure, and all legal structures have legal obligations, governed by legislation.

Information in the links below is designed to help groups to decide on the best legal structure for them.

<https://scvo.scot/support/setting-up-a-charity/decide-on-structure/company-limited-by-guarantee>

<https://socialenterprise.scot/social-enterprise-in-scotland/complete-social-enterprise-guide/>

https://www.oscr.org.uk/media/2389/v10_village-halls-guidance.pdf

It is possible to change the legal structure of an organisation. Early in the 20th century, when many halls in Scotland were set up, they were governed by a Deed of Trust, but these trusts can now encounter problems and limitations.

OSCR, the Office of the Scottish Charity Regulator, recommend that organisations running village halls become a Scottish Charitable Incorporated Organisation, or SCIO. A SCIO is a type of legal structure, provided for via the charities' legislation (the Charities and Trustee Investment (Scotland) Act 2005).

In brief, A SCIO is legal entity, and can therefore hold property, employ people, and enter into contracts in its own name (like a limited company). It has limited liability (the members will have no liability for debts if a SCIO goes into liquidation).

The Scottish Government introduced SCIOs in 2011 allowing Scottish charities the advantages of being incorporated, without the need to report to two regulators. SCIOs are incorporated and are administered and regulated by a single body, OSCR. This contrasts with charitable companies, which are also incorporated, but must report both to OSCR, and to Companies House, the official registrar of private and public companies in the UK. As a legal entity, a SCIO can continue to own or rent property and hold other contracts whether individuals leave or join the organisation; this is particularly important with respect to continuity of the organisation. SCIOs must also keep a register of their members, something other charities do not have to do under charity law. Unlike other charities, a SCIO can only exist while it is a charity entered in the Scottish Charity Register. Unlike other charities, SCIOs cannot carry on operating if they cease to be charities.

OSCR provides help and support to trusts that wish to change their legal structure to a SCIO. Forming a SCIO involves a registration process with OSCR.

<https://www.oscr.org.uk/guidance-and-forms/making-changes-to-a-charity-guidance/guidance-for-village-halls-governed-by-a-deed-of-trust/>

A SCIO will only be available if the objects of the organisation are charitable, and the other features fit within the requirements for a body seeking registration as a Scottish charity. While the SCIO structure is recommended, other legal structures, each with a different level of legal liability include:

A Trust

A Trust is a one-tier organisations, where the only “members” are the Trustees who are not answerable to any wider body of people. After the Trust is created, the Trustees themselves appoint new Trustees (although occasionally the trust deed will provide a reserved place among the Trustees for a representative of a specified outside body or bodies). For halls, the Trustees have normally delegated some powers to a committee who can manage the facility on their behalf.

Company Limited by Guarantee

This is a legal entity separate from its membership and can therefore enter into contracts, hold property, and employ people in its own name. Members of the company will not be liable for the company's debts beyond the nominal amount they guarantee to pay under the Memorandum of Association. However, this

does not mean there is no liability in the case of negligence. It is a two-tier organisation with a membership from whom a Board of Directors is appointed. Members can be individuals, voluntary groups or even statutory agencies or private companies. All members must give written agreement to become members and the general running of the organisation is more formal than for that of an unincorporated association. Rules laid down by Companies House must be followed. The governing document (similar to a Constitution) is known as the Articles of Association.

Registered Charity

- A charity in Scotland is an organisation which is entered on the Scottish Charity Register. To become a charity, an organisation must meet the '**charity test**', showing it has only charitable purposes and benefits the public. As a charity, greater access to funding may be available to an organisation, but the organisation must follow charity legislation, and report to OSCR.

Links to guidance on setting up a charity

<https://scvo.scot/support/setting-up>

<https://www.oscr.org.uk/becoming-a-charity/thinking-about-becoming-a-charity/>

<https://www.oscr.org.uk/guidance-and-forms/meeting-the-charity-test-guidance>

https://www.oscr.org.uk/media/2560/v10_being-a-charity-in-scotland_print-friendly-version.pdf

<https://www.oscr.org.uk/guidance-and-forms/meeting-the-charity-test-guidance/public-benefit>

https://www.vaorkney.org.uk/wp-content/uploads/2019/12/SCIO_Briefing_Note.pdf

Social Enterprise:

Social Enterprises are businesses with primarily social aims that have participatory ownership and management. Any surpluses are reinvested in the business or in the community rather than profiting shareholders and owners.

There is no single legal model for a Social Enterprise. They may be unincorporated associations, companies limited by guarantee, industrial and provident societies, occasionally companies limited by shares and some are registered charities.

Information on all aspects of Social Enterprise can be found here:

<https://socialenterprise.scot/>

<https://socialenterprise.scot/social-enterprise-in-scotland/what-is-social-enterprise/>

Community Interest Company

A company structure specifically for social enterprises was introduced in 2005, the Community Interest Company. A CIC cannot be a charity.

A Community Interest Company (CIC) is a type of company introduced by the United Kingdom government in 2005 under the Companies (Audit, Investigations and Community Enterprise) Act 2004, designed for social enterprises that want to use their profits and assets for the public good. CICs are intended to be easy to set up, with all the flexibility and certainty of the company form, but with some special features to ensure they are working for the benefit of the community.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/641412/13-786-community-interest-companies-frequently-asked-questions.pdf