



Briefing – YoCo becoming a Company Limited by Guarantee.

Introduction.

YoCo - York Central Co-owned - is a new development where community comes first. The aim is to create brighter collective and individual happiness for people who want to live in a thriving neighbourhood and city.

There has been a comprehensive programme of events and meetings, and with some financial support recently, YoCo is moving to the next phase.

Governance Structure.

At a virtual meeting of YoCo in June 2020 it was decided that at this stage the most appropriate legal structure for YoCo would be a Company Limited by Guarantee (CLG). This structure limits the financial liability of the directors and members, it is fairly simple and cheap to set up, and the reporting is easy to understand and carry out. As this structure has a membership there is democracy and accountability built in.

As YoCo develops another governance structure could be adopted if this was thought to be beneficial,

Companies House (CH) regulates CLGs. Its website is housed within gov.uk, where all the necessary forms and documents are accessed.

A CLG has a Memorandum (which shows when the CLG was set up and the names of the people setting it up) and Articles of Association (the rules). CH has model or standard Articles which can be adopted.

The process of applying to become a CLG is as follows:

1. Decide a name for the CLG and check no other company uses that name.
2. Specify a physical address which is to be the Registered Office.
3. Decide who will be the first director(s).
4. Compile the Memorandum, listing the people who have agreed to be the original subscribers to setting up the CLG. These people are the 'guarantors' and they are the first members * of the CLG.
5. Agree to use the model Articles of Association.
6. There is a small fee for registration - investigate whether the existing funding could cover the cost.

* YoCo needs the criteria for membership to be settled, e.g. residence of a specific geographical area.

Documents.

This is the link to the standard Articles of Association.

<https://www.gov.uk/government/publications/model-articles-for-private-companies-limited-by-guarantee/model-articles-for-private-companies-limited-by-guarantee>

A CLG must make an Annual Return (Confirmation Statement) and file Annual Accounts, within a time limit, each financial year. Resignations and appointments of directors must be notified to Companies House.

CH maintains a public register of companies that can be viewed online at no cost, which shows basic details of the CLG and the names / addresses of directors. The scope of the public information can be seen by looking at a sample on the register.

To search the register use this link – make a random search if you do not know of a CLG to look for.

<https://www.gov.uk/get-information-about-a-company>

A CLG is not required to have a company secretary but it would be sensible to have a person taking on the tasks of filing accounts on time, notifying changes in directors etc.

Ensuring compliance with company law.

It is government policy to remove barriers to citizens setting up business and social enterprises. CH therefore provides all the relevant information for people to do that.

YoCo would need to have induction for the first directors and subsequent directors, covering their duties and responsibilities, and how to make sure decisions are in the best interests of YoCo. Similarly, straightforward information will be needed for members. There will also need to be the means of protecting the CLG such as conflicts of interest policy for directors.

There also needs to be a system for checking that directors are fit and proper people, as certain individuals have been disqualified through bankruptcy, criminal offences against company law, fraud etc.

Initial and ongoing governance training / learning could be procured from existing infrastructure or support agencies.

Penny Bainbridge

June 2020.