Dear Member,

**BRADGATE BRIDGE CLUB - PROPOSAL TO APPLY FOR CHARITABLE STATUS**

As you are aware, the Rothley Centre has announced a significant increase in our room hire charges with effect from 1 April 2018. Following our representations, the Rothley Centre Trustees have reduced the proposed new charges. However, the revised charges will still increase our room hire costs by over £2,100 per year (on top of our existing charges of £5,200). Room hire is by far our largest cost.

There is a discounted room hire rate available to registered charities, which would keep our Monday night rates unchanged and only increase our Wednesday afternoon sessions by a small amount. Accordingly, we have told the Rothley Centre that, while the new charges are uneconomic for us in the long term, we will accept the increase while we explore the potential for the Club becoming a charity.

You may wonder how a bridge club can become a charity. There are over 6,000 Community Amateur Sports Clubs (CASCs) in England which are able to claim the financial benefits associated with charitable status. Sadly (and unlike many other countries), the Sports Council in England does not recognise bridge as a ‘sport’ and so we cannot qualify as a CASC. You will also know of the recent decision by HMRC to reject bridge as a ‘sport’ for VAT purposes.

However, the International Olympic Committee recognises bridge as a ‘Mind Sport’ and the Charities Act 2006 recognises that an activity which promotes health by involving mental exertion can qualify for charitable status**.** Several bridge clubs have already been granted charitable status**.**

In view of this, your Committee has called a Special General Meeting on 19 March 2018 to consider the proposal that we apply for charitable status. As the change will require a change in the Club’s Constitution, the proposal will require a 2/3 majority at that meeting.

This is an important step for the membership. In order to help members understand the ramifications of the proposal, the Committee has prepared the attached explanatory notes in advance of the SGM.

We have no wish to limit discussion at the SGM but it would be very helpful if members could raise queries and concerns with committee members in advance. If you need any further information or clarification to enable you to reach your decision, please speak to Richard Rees, who heads the sub-committee reviewing this process, at richard.rees227@gmail.com or speak to any Committee member.

Yours sincerely,

Margaret Butterworth
Chairman

# APPLICATION FOR CHARITABLE STATUS – BACKGROUND NOTES FOR MEMBERS

# CHARITABLE STATUS AND OBJECTS

**Status**

The Club would become a Charitable Incorporated Organisation (CIO). This is a form of charitable institution with a Board of Trustees and a body of Members who can vote at the Annual General

Meeting and General Meetings. The CIO is a legal entity registered with the Charity Commission.

 **Charitable Objects**

The full wording in the proposed Constitution is as follows:
*The objects of the Club will be to operate for the public benefit through:*

* 1. *the advancement of amateur sport by promoting the game of duplicate bridge for the benefit of the residents of Rothley and the surrounding area;*
	2. *the provision of facilities for the learning, teaching and playing of bridge for the benefit of the residents of Rothley and the surrounding area with the object of improving conditions of life;*
	3. *the provision of financial support to the EBU to enable them to promote the objects of:*
		1. *developing and regulating duplicate bridge in England*
		2. *organising bridge competitions*
		3. *joining appropriate international bridge organisations and taking part in international competitions; and*
	4. *the furtherance of such charitable purposes as the Trustees in their absolute discretion shall think fit but in particular through the making of grants and donations.*

# THE BENEFITS OF CHARITABLE STATUSThe main benefit is the reduction in room hire rates set out in Margaret’s letter. If we moved to a new location, many of the alternative venues which we have seen also offer reduced rates to charities.

Members’ annual subscriptions (but not table money) may be treated as ‘charitable donations’ and Gift Aid can be reclaimed on them from members who are tax-payers; for these members, every £5 of subscription money would allow us to reclaim an additional £1.25 from HMRC.

In addition, being a charity should improve our chances of obtaining National Lottery or other such funding if we wanted to make future investment in the Club’s equipment or facilities.

**HOW THE CLUB WOULD BE MANAGED**There would be no change at all in the day-to-day management of the Club. Your existing Committee would become the Trustees and they would continue to be responsible for ensuring that the Club is run according to its Constitution.

The Trustees would come up for election and re-election at each AGM in exactly the same way as Committee members are now elected and re-elected. The periods of office would be the same.

# ADVANTAGES OF HAVING A BOARD OF TRUSTEES

The Trustees will have a legal responsibility to ensure that the charity is governed according to its Constitution, just as the current Committee does.

More importantly, Trustees of an incorporated charity (unlike an unincorporated Club) do not generally face the risk of personal financial liability if the Club fails. This is a highly remote, but little recognised, risk of acting as a Committee member.

# ADMINISTRATION As a charity, the Club would incur some additional administration tasks. None of these are onerous, and will not involve expense or the services of paid professionals. The additional tasks are:

1. filing an on-line annual report with the Charity Commission;
2. filing a summary of the annual accounts on-line with the Charity Commission; and
3. making claims for Gift Aid recoveries from HMRC

We will not be required to file accounts or tax returns with HMRC.

# THE NEW CONSTITUTIONThe EBU and the Charity Commission have agreed a model constitution in a form which is acceptable to the Charity Commission for a bridge club incorporated as a CIO. Like all of these documents, it attempts to be all things to all people and is lengthy and complicated.

Some changes have been made to the raw document to suit the way in which we operate as a Club, but most of the original content of the EBU model remains intact, to ease the process of application to the Charity Commission.

**The proposed new Constitution has been reviewed by your Committee and it is not essential reading for most members. For those members who are not Charity Trustees, nothing in respect of the day to day running and operation of the Club will change**.

The Trustees will need to be well versed in the Constitution. Some members, of course, will want to read the Constitution; a copy of this can be downloaded from the members’ area of the website or available as hard copy on request.

Below is a summary of the key points of the new Constitution. The document is provisional and may be subject to change if the Charity Commission raise any queries during the application process.

# Governance

Clauses 1 to 7 are concerned with the background to the Club, charitable objects, and what the Trustees can and cannot do. They deal in detail with the obligation of the Trustees to avoid conflicts of interest and the like. All rather mundane stuff which codifies good and normal practice.

# Membership

Clause 8 confirms that the members will not have any liability to contribute to the Club’s assets and no personal responsibility for settling its debts.

Clause 9 deals with the eligibility for membership and the admissions procedure; we have amended the EBU standard to maintain our existing procedures.

A new class of non-voting Junior Membership (for those under 18 years old) is included. We live in hope!

# Decisions by Members

Clauses 10 and 11 deal with members’ meeting and decisions. The EBU standard rules governing the procedures for decision making by members seem to be wordy and complicated but, on closer examination, are no different to those under our existing Constitution.

**Charity Trustees**
Clauses 12 to 19 deal with the appointment, eligibility, and management by the Trustees.

**Other Clauses**Clauses 20-26 deal with some legal requirements on executing documents, emailing, record-keeping and the like.

Clause 27 and Appendix 1 deal with disciplinary procedures on the same basis as our current Constitution.

Clause 28 deals with how to amend the Constitution (by a General Meeting as at present) and the need for amendments to be recorded with the Charity Commission so that they can ensure that any amendments do not jeopardise the Club’s charitable status.

Clause 29 deals with dissolution. On a winding-up, the assets of the Club would have to be transferred to another CIO. This is similar to our current Constitution under which, on dissolution, the assets are transferred to another club or the LCBA.

**NEXT STEPS**If the members vote to become a charity at the SGM, the process of applying to the Charity Commission would immediately be set in motion, but it could take up to 6 months.

The first step is the approval of a new Constitution as this needs to be submitted with the application.

RJR 24Feb18