About the charity

The charity was set up to restore and preserve the Clevedon Pier, which is the only intact Grade 1 listed pier in the United Kingdom.

Clevedon Pier is made of around 370 tons of wrought iron work, and was first opened in 1869. It has had an eventful history since then, which has included the collapse of the 2 end spans into the sea in 1970.

The charity was originally incorporated as a company limited by guarantee and was registered with the Charity Commission in 1981. The charity plans to improve facilities at the pier including the building of a new visitor and education centre. This will include an educational room located under the pier looking out to sea, toilets and a tea room with seating for up to 50 people. It is also anticipated that the new visitor facilities will enable the charity to build up sufficient financial reserves to pay for the long term essential maintenance of the pier.

Why the commission got involved

The charity has 90% of the funds required to complete the project, having received considerable grants from the Heritage Lottery Fund and the Coastal Communities Fund. It planned to launch a Community Share Scheme to raise the remaining 10% to complete the project.

The trustees contacted Co-operatives UK for advice on forming a co-operative structure. Co-operatives UK has extensive experience of such schemes, enabling local people to invest in ventures to protect valuable community assets.

Co-operatives UK subsequently got in touch with the commission on behalf of the trustees of the charity. It advised that the trustees wanted to convert the charitable company into a community benefit society (a 'society') registered under the Co-operative and Community Benefit Societies Act 2014.

This is a type of exempt charity which is able to offer interest bearing ‘withdrawable’ shares to members.

The commission worked with Co-operatives UK to ensure that the charity’s assets were protected by ensuring that the society which emerges from the conversion remains a charity.
The action we took

The conversion of a charitable company to a society means that the charity’s articles of association will cease to have effect. The governing document of the charity will become the Rules under which it has incorporated as a society.

Before we gave our consent to the conversion, we needed to be satisfied about the following issues.

1. Why the charity wanted to convert to a society?
   Was the charity working in the community for the public benefit? Could the trustees justify their decision to convert to a community benefit society as a reasonable one?

2. The proposed Rules that the charitable society would operate under:
   • would the new objects and dissolution provisions remain exclusively charitable?
   • did the provisions for issuing withdrawable shares meet the commission’s requirements?
   • would any surplus generated be applied solely to the charitable society?

3. Could the commission give our consent under s198 of the Charities Act 2011 to the regulated alterations required to the company’s memorandum and articles? These were:
   • the changes to the objects of the charity
   • the changes to what happens to the charity’s property on winding up
   • the introduction of the share capital provisions and the application of profits

The impact we had

The commission agreed the Rules for the society and we gave our prior written consent under s198 of the Charities Act 2011 to the regulated amendments to the charity’s governing document. Consequently, the charity passed the resolution altering the memorandum and articles of association of the charitable company.

There were then a number of different steps taken by other regulators:

• The Financial Conduct Authority registered the new charitable society on 8 July 2015
• Companies House de-registered the charitable company
• we removed the charitable company from the register of charities
• Co-operatives UK confirmed that the society was registered as a charitable society with HMRC as a charity for tax purposes

Impact of our involvement

We enabled the charity to convert into a community benefit society. This meant that the trustees could now launch a community share offer to raise the last 10% of funding required to complete the new facilities. The improvements to the pier are designed to allow more people to visit the proposed workshop and educational facilities.

Working with Co-operatives UK, we helped to protect charitable assets and also to ensure that the community benefit society was able to raise funds to put the charity on a firm footing for the future.
Lessons for other charities

Converting to a community benefit society can provide an innovative solution for a charity trying to raise additional funds by involving local people in saving valuable community assets.

However the conversion process can be complex and take time; charities considering entering the process must make a considered and well-informed decision in the interests of their charity. You can find further information in our trustee decision making guidance.

Charity trustees considering conversion to a charitable community benefit society should also:

- consider taking advice as to whether a community share offer is the most appropriate way of raising funds for your charity; guidance for organisations considering a community share offer can be found on the Community Shares website
- adopt a set of rules that meet both the requirements of the Co-operative and Community Benefit Societies Act 2014 and charity law

A technical guidance note on converting a charity into a community benefit society can be found on the Community Shares website.

The commission has also published guidance for charitable societies intending to pay interest on withdrawable share capital.

Once a charity has converted, it becomes an exempt charity, meaning it must no longer use its registered charity number. Trustees should be aware that becoming an exempt charity does not affect or change their basic duties under charity law.

All trustees must understand and follow the 6 key duties set out in our core guidance, The essential trustee.

Community benefit societies must also comply with the FCA’s conditions of registration for a community benefit society.