

Is incorporating as a legal entity right for your Big Local area?

Case Study 1: Implementation stage

Greenfields Big Local still have £650,000 of their money left. They thought they had used more than this, but their LTO had not tracked expenditure well and overreported spend to the partnership by around £150,000. As a result the partnership want to take more control over the management of their money, especially as this is something that several of the partnership members do for a living and the skills are within the group to oversee this well.

They are also keen to take advantage of the opportunity to buy a piece of land in the Big Local area, to set up a community garden and café with space for events and an office for their Community Development worker. Previously they had discounted this idea as they didn't think they had enough money, but now that they have more funding available than previously thought this is affordable and would contribute to their Big Local plan. The café would provide a limited income to the partnership, with the business plan indicating it would probably cover its costs with a small surplus each year that should be retained for any unexpected costs.

Rajesh, the Chair of the partnership, thinks that they need to set up a new organisation as he doesn't trust others to manage their money well after their previous experiences. He feels that an organisation which has all Big Local partnership members as its trustees would give them the most control. However Diane, a partnership member, doesn't want to be a trustee of an organisation and will leave the partnership rather than take on that responsibility. Diane is a key part of the partnership and the group rely on her heavily both for the time she commits to getting work done and for her connections with other organisations in the area.

1. What considerations would the Greenfields partnership need to take into account when making their decision on whether to incorporate or not?
2. What other options could they look at to address Diane's concerns and keep her on the partnership?
3. Is there anything specific related to the potential garden and café that they would need to take into account?
4. Who would need to be involved in this process?
5. What would the partnership members need to be aware of if they were to make this change? How might that be different to their role as a Big Local partnership member?

Case Study 2: Legacy

Arkley Bridge Big Local is coming to the end of its Big Local funding. They have set up two projects, a hub and a youth football club, which have secured other funding that is currently managed by the LTO on their behalf. Mark, the Project Manager employed by the partnership is very good and they are keen to keep him on if they can, especially as he has built good relationships with a local foundation who have said they would like to fund more of their work in the future. The Big Local has around 18 months of funding left in their Big Local plan, and a further 14 months of funding for the grants that cover the two projects. Mark is mainly paid from Big Local money.

The LTO, which is the CVS for the town, are very supportive of the work of Big Local and have said that they would be open to staying on in the role, even if they needed to reduce the percentage of funding they took to cover their administration of the funds.

Bob and Anita are partnership members who have said they are happy to set up a new company to continue the work of the partnership, take on the grants for the projects, and employ Mark as a contractor. They would be the sole directors of the company, and have not confirmed whether they would be willing to apply for charitable status as this would create extra requirements for them.

Jenny, Diego and Fiona would prefer that more of the partnership were involved in the governance of any new organisation as Bob and Anita are in a relationship and only recently moved to the area.

1. What considerations would the Arkley Bridge partnership need to take into account when making their decision on whether to incorporate or not?
2. Is there anything they should consider about Bob and Anita's offer to set up a company to take over the work?
3. The CVS offer looks tempting. What should they consider before deciding to go down that route?
4. What other options could be available to them?
5. Are there any risks or security associated with any of the options?