

Changing YUSU's Legal Form

Incorporation as a Charitable Company Limited by Guarantee



York University Students' Union's Board of Trustees would like YUSU to change its legal status to Incorporate as a Charitable Company Limited by Guarantee (CLG). YUSU will be seeking students' approval for Incorporation in a referendum alongside the Officer elections.

What is Incorporation?

YUSU is currently an Unincorporated Association. The model means that YUSU is not recognised as a legal entity in its own right. The Union is governed by a Board of Trustees that enter into obligations, such as contracts, on behalf of the organisation, and remain personally responsible if the business assets are not sufficient to cover liabilities and debts.

Incorporation is the process of changing an organisation's legal form; the process will see the Union declared as having a separate legal identity, outside of the Trustees. It can trade, own assets and enter into contracts in its own name. The model mitigates Trustees' potential personal liability for the Students' Union's liabilities and debts.

You can read more about different types of charity structure at the [Charity Commission](#).

Why Incorporate as a Charitable Company Limited by Guarantee?

- It creates a separate legal identity for the Union, reducing risk on individual trustees. This is positive because over half of the Board is made up of elected student officers and current students.
- It means that the assets of the charity could be held directly by the charitable company and not holding trustees.
- The CLG model is tried and tested; it's used commonly by Students' Unions and widely in the charitable sector.
- The model fits with YUSU's commitment to be student led. It protects membership rights by legislation with a democratic structure that respects and enshrines those rights, for example, setting out collective rights to change the main governance document and to remove trustees from office.
- The model brings more transparency with regulation and disclosure requirements that can increase public accountability and confidence; a CLG is subject to regulation under both Charity Law and the Companies Act 2006, as such it has two regulators, Companies House and the Charity Commission.

What next?

**Vote from 9am Monday Week 7
to 5pm Tuesday Week 8**

yusu.org/referendum/vote

A referendum

YUSU's Board of Trustees¹ resolved to transition towards Incorporation as a Charitable Company Limited by Guarantee in 2016. A referendum will seek the approval of students during week 7 alongside the Officer Elections. Five percent of members must vote to reach quoracy. The outcome will be decided by a simple majority.

A fit for purpose governing document

The change of legal form requires a Memorandum and Articles of Association to be the Union's governing document. The document is consistent with and designed to reflect YUSU's current Constitution using model documentation produced in conjunction with the Charity Commission.

The proposed Memorandum and Articles of Association does not change YUSU's charity objects, the powers of students or students' decision-making, as established in YUSU's current Constitution. While it is presented in a slightly different form, changes are largely minor to bring YUSU's main governing document up to date and ensure it is fully in line with Charity and Company Law.

The Memorandum and Articles of Association will require the final approval of the University of York (which has a legal duty to ensure that YUSU operates in a fair and democratic manner) and YUSU's regulator, the Charity Commission.

The transition to Incorporation is planned to take place over the duration of the current academic year, for implementation on 1 August 2017.



"When you come to vote this year for your elected officers, you'll also be asked to approve the new legal structure of Incorporation as a Charitable Company Limited by Guarantee."

"Your Union, YUSU, needs you to say yes to ensure that we have the right governance framework in place to continue to improve accountability and accessibility."

Millie Beach, YUSU President

For more information see: yusu.org/representation/referenda

1 YUSU is governed by a Board of Trustees that has ultimate responsibility for YUSU's strategic priorities, governance and the budget. The Board is made up of YUSU's five elected sabbatical officers, three elected student trustees, and three external trustees.

