



Institute of Fisheries Management

# Charitable Status. AGM Paper for Members

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## Executive summary

The Institute has considered becoming a charity several times over the past 30 years. After deciding to become a charity and applying in 2021, and our application having been refused in 2022, we have since been deliberating on whether to proceed with a resubmission or not.

### Charitable status

The current view of the Board of Trustees is that there is not sufficient benefit in becoming a charity. The full reasons for the decision not to re-apply for charitable status are set out below. However, a primary reason related to the reason that the Charity Commission turned down our initial application which was that we had failed to demonstrate that all our activities provided 'public good'. The Board considered that whilst delivering sustainable fisheries management clearly brings wider benefits to society, the Institute also has a key role in providing services and benefits to its members and the profession and to meet the Charity's requirements would require us to compromise these activities. The Board therefore recommends that we don't proceed at this time. That does not, however, stop us from considering it again in the future.

### Legal status

As we currently have no legal status, the Board also recommends that IFM registers as a Company Limited by Guarantee, which will provide (1) limited liability but (2) still retain the option to apply to become a charity in the future.

### Members' decision

Such changes in direction require agreement by the membership, so these proposals are presented for IFM members to decide at the Annual General Meeting on 18 October.

Members are asked to consider and vote on the following proposals:

1. Do you agree with the proposal NOT to proceed with charitable status at this time – Yes or No?
2. Do you agree with the proposal to register as a Company Limited by Guarantee - Yes or No?

Such decisions are important and not simple. To be transparent, we present in the appendices the range and detail of information we have considered over time to help members consider the various advantages and disadvantages and to help form your decision.

## Background

The Institute has considered becoming a charity several times over the past 30 years. We first considered it in 1992 and we progressed an application in 1996. However, the Charity Commission introduced policy changes in 1997 which made it unlikely that IFM would be granted charitable status. Information indicated that some charities might lose their status on the basis that professional type bodies were not charitable in law. So, at the IFM's AGM in 1997, a resolution was agreed that the IFM should discontinue its application to become a charity.

More recently, after policies and legislation changed, we determined and ratified at an Extraordinary Meeting (EGM) in February 2021, that we would proceed with an application to become a charity,

with a constitution as a 'Charitable Incorporated Organisation' (CIO). That application was submitted in November 2021. In May 2022 however, we received the unfortunate news that our application had been turned down. The feedback was that our application and published plans (e.g. business plan, strategic plan) were more focussed on benefits to IFM members than on benefits to the public – which is the primary aim of a charity. We found this feedback rather confusing because there are many other membership organisations that are registered as charities.

The immediate decision after that refusal was that we would slowly prepare a resubmission to become a charity but would only make the submission if we were convinced of the benefits and that it would not hinder the advancement of the Institute's aims and objectives.

Furthermore, in December 2022, reviews at the IFM's Advisory Council and Board of Trustees concluded that it would be better to become a legal entity by means of becoming a Company Limited by Guarantee (CLBG) instead of a CIO. Note that currently the Institute has no formal legal status. As a Limited Company, the IFM would have its liabilities limited (though we do currently have adequate insurance policies).

In June 2023, the Institute held a workshop to include the Board, Executive Team, and Advisory Council. The aim of the workshop was to consider progress against our five year strategic plan, and what should be done to improve delivery of the plan. However, the subject of charitable status figured large in these discussions, and it was obvious that some were questioning whether charitable status would in fact bring the significant benefits originally envisaged. There were concerns that the Charity Commission's emphasis on orientating our entire purpose to public good could be contrary to focussing on the interests of our members and the profession. The feedback from the Executive was that the ongoing efforts, delay and uncertainty in preparing our resubmission for charitable status was holding us back – hindering us from making progress in several areas of our business, such as developing the new 'Introduction to Fisheries Management' course, expanding our policy and advocacy role, keeping our website up to date and improving our offer to members.

So, after the workshop, the Chair of the Board conducted a ballot amongst the Board. The result of that ballot was that five out of seven of the Board voted against continuing to pursue charitable status but considered that we should continue to apply to be a CLBG. It was noted that such a change would not prevent the IFM applying to become a charity in the future.

**So, as it stands, the IFM Board is recommending that we register as a CLBG, but don't, at this time, continue our application to become a charity.**

Those Board members who voted not to reapply for charitable status made this decision because they could not see sufficient benefits. In particular, they recognised that as a professional institute we are there primarily to serve the interests of our membership and the profession rather than solely to provide public good. Our activities clearly have wider public benefits, but this is not our primary aim. The financial benefits of becoming a charity are limited by the fact that we already have a very healthy financial reserve. With this reserve, grant funding is most unlikely. Without charitable status, we would not have access to Gift Aid or tax-free legacies but these are unlikely to bring considerable financial benefits. It was also felt that many of the beneficial changes in terms of culture and improved governance associated with being a charity are already in motion.

## Members' decision

To change the decision made at the EGM in 2021 will require agreement by the membership. So, this will be an agenda item at the Annual General Meeting on 18 October. Members will have the opportunity to ask questions about the process and to vote on the proposal. This paper is provided in advance to help members consider the benefits and risks. This will also be posted on the IFM website at: [www.ifm.org.uk/about/charitable-status/](http://www.ifm.org.uk/about/charitable-status/).

## The proposals for decision and members' voting:

### Members will be asked:

- 1) Do you agree with the proposal NOT to proceed with charitable status at this point – Yes or No?
- 2) Do you agree with the proposal to register as a Company Limited by Guarantee - Yes or No?

To attend the AGM on 18 October, please either:

1. Attend the Annual Conference in Edinburgh. See: <https://ifm.org.uk/events/17905/>
2. Attend the AGM on line by Zoom. See: <https://ifm.org.uk/events/ifm-annual-general-meeting-2/>

**Chris Mills**  
Chair of the Board of Trustees

**David Bunt**  
Chief Executive

## Appendix 1A. Charitable Status

### Advantages and disadvantages of IFM becoming a charity

Advantages, benefits, strengths, opportunities	Disadvantages, weaknesses, risks, threats
<ul style="list-style-type: none"> <li>If we are to become a charity, we have a social responsibility to do it properly. This would be an opportunity to review our aims, objects, culture, philosophy and activities to match</li> </ul>	<ul style="list-style-type: none"> <li>A re-application will therefore take a long time and a lot of effort – likely 12+ months to do so properly</li> </ul>
<ul style="list-style-type: none"> <li>If we were to pursue charitable status, what philosophy change would be needed? It was commented that the IFM does what it does very well. The philosophy itself and what we do doesn't need to change, but we need to be smarter about how we present and communicate it; for example to 'equip or educate' (rather than 'train') people to improve their knowledge and awareness of sustainable fisheries; 'Impact for the public benefit' rather than 'Profit' or 'Income to IFM'. We need to improve our communications about our services to me more fun and accessible anyway, and this is an extra stimulus to do so.</li> </ul>	<ul style="list-style-type: none"> <li>However, so far we have stated that we are primarily a Professional Membership organisation. And in our 5 year strategy we are focusing on growing membership and Income. We are doing quite well with these (especially income). Those are difficult to balance with also being a charity. <b>So, do we want to change our core business / purpose / what we are good at?</b></li> </ul>
<ul style="list-style-type: none"> <li>At the workshop of 6 July 2022, both topics provided strong steer that a change to our culture is needed in any case (not just in relation to becoming a charity) to keep us relevant and to respond to changes in society</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<ul style="list-style-type: none"> <li>Most of the benefits to IFM are financial (and they are not significant – see below)</li> </ul>	<ul style="list-style-type: none"> <li>The benefit must be seen to be for the public</li> </ul>
<ul style="list-style-type: none"> <li>It will provide access to grant funding for projects</li> </ul>	<ul style="list-style-type: none"> <li>However, we are unlikely to be successful, given the size of our investment. To be successful we are likely to have to reduce it to 2 x 6 months operating costs, i.e. approx. £100,000.</li> <li>Do we want to spend 80% of our investment (and what would we spend £400k on?), just so that we can stand a better chance of applying for other money from grant funding bodies?</li> <li>Grant finding bids take a lot of time and effort and are not guaranteed to be successful</li> </ul>
<ul style="list-style-type: none"> <li>It will allow us to claim gift aid</li> </ul>	<ul style="list-style-type: none"> <li>Access to Gift Aid is limited and unclear (and an administrative burden) [see Gov.uk guidance below]. If <u>all</u> of our membership income was gift-aidable, that £30k membership income per year + 25% is an additional £7500. That is not insignificant, but it is a small portion of our overall income, and equivalent to the surplus of one conference event. Not all memberships will be gift-aidable (e.g. if someone has their membership paid by their employer), and sorting applying individual gift-aid forms to annual memberships will be an administration burden and expense.</li> </ul>

	<ul style="list-style-type: none"> <li>For other charities – e.g. RSPB, Wildlife Trusts, gift-aid is seen as helpful supplementary income, but certainly not a game-changer.</li> </ul>
<ul style="list-style-type: none"> <li>We could claim tax relief on legacies</li> <li>And the legacy donor would reduce their inheritance tax liability. This might encourage more people to leave legacies to a charity</li> </ul>	<ul style="list-style-type: none"> <li>We have only ever received two <b>legacies</b> (2 x £5000 in the past 18 months). Tax relief on that would be 21000. Are many more of those likely to make the tax relief benefit significant?</li> </ul>
<ul style="list-style-type: none"> <li>The membership approved our recommendations to become a charity at an Extraordinary general Meeting in 2021</li> </ul>	<ul style="list-style-type: none"> <li>If we feel strongly enough to change our view, we will need to take this to a General Meeting</li> </ul>
<ul style="list-style-type: none"> <li>The Review team concluded on 30 June that we should continue becoming a charity, but to go slowly and carefully and consider a fundamental re-think of our aims, objects and culture in order to be of real public benefit</li> </ul>	<ul style="list-style-type: none"> <li>Will becoming a charity tie our hands - e.g. hinder us from making a surplus (though surpluses can be re-invested and be seen as making an impact for the public benefit)</li> </ul>
<b>Advantages and disadvantages previously reported and considered by IFM Executive and Council December 2019:</b>	
<ul style="list-style-type: none"> <li>Public recognition and trust</li> </ul>	<ul style="list-style-type: none"> <li>Political activities are restricted</li> </ul>
<ul style="list-style-type: none"> <li>Assets of a charity can never be used for private benefit</li> </ul>	<ul style="list-style-type: none"> <li>Trustees of the Charity Board must not be paid (although there can be an exemption for professional services providing it is in the constitution i.e. legal advice)</li> </ul>
<ul style="list-style-type: none"> <li>Tax relief - exception from corporation tax on trading profits</li> </ul>	<ul style="list-style-type: none"> <li>No equity investment</li> </ul>
<ul style="list-style-type: none"> <li>Gift Aid on member subs and donations</li> </ul>	<ul style="list-style-type: none"> <li>Some restrictions on VAT claims (however we are not registered for VAT)</li> </ul>
<ul style="list-style-type: none"> <li>Funding - grants available from grant making trusts</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<ul style="list-style-type: none"> <li>Legacies</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<ul style="list-style-type: none"> <li>The gift aid element can be beneficial to a member also in relation to offsetting income tax and inheritances.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

### Conclusions from above:

1. There are more financial advantages of being a charity, though these are not likely to be significant – maybe £10,000 per year (which can be the difference between surplus or loss)
2. The main disadvantages will be (a) the additional bureaucracy of reporting to the Charity Commission and (b) the effort of re-applying, ensuring our on-line communications are joined up and then ensuring that we pursue additional public benefit – eg. more education to the young / schools.

## Appendix 1B. Feedback of other membership organisations’ experiences of being charities.

The following compares experiences of organisations that are similar to us, having had conversations with them in the past 12 months. The key question was: ‘what, in your experience, have been the pros and cons of becoming (or not) a charity?’.

Organisation	Advantages	Disadvantages
<b>IEMA</b>  Not a charity	IEMA is similar to IFM in being a professional membership body. IEMA is a Company Limited By Guarantee (CLBG). It also considered being (1) a Royal Charter and (2) a Charity It chose to become a CLBG because it gave most flexibility to make changes and was less constrained; e.g. Charity Law presents more onerous requirements	
		Two lots of regulations to consider
		Liabilities for Trustees are greater (personal liability)
	Easier to access grant funding.	Though, IEMA has been able to access funding as a not-for-profit company for the public benefit
	Easier to get tax relief	As CBLG they have more flexibility to structure their organisation as they wish – e.g. to have less Corporation Tax liability.
They commented that surplus income from membership is not taxable.		
<b>SOCENV</b>  Applied and was refused	A professional membership organisation SocEnv applied to become a charity because they were legally advised that their objects were charitable. It was implied that they had a legal obligation to apply. Their application was rejected – for similar reasons to IFM - because the primary purpose was ‘for its members’. However, the Institute of Engineering & Technology (IET), makes similar claims for benefits for members, and is a registered charity. They didn’t re-apply to the Charity Commission as they didn’t want to change their constitution or make a legal challenge.	
<b>WildFish</b> A Charity	Director – Paul Knight. A membership organisation, but not ‘professional membership’. They changed their name from Salmon & Trout Conservation as there was still a close connotation with the previous Salmon & Trout Association – perceived as an elite anglers club. Suggest we change our name to something less ‘Institutional’, eg. ‘Fisheries Management UK’. Suggested IFM could do more with getting fisheries management across to the public. Also suggested that IFM does what it does very well. Do we wish to go beyond that? If so, charitable status and a change in name might help	
	Can still pursue environmental campaigning, as long as not party-	Very few

	political, and in pursuance of charitable aims	
	Easier to access grant finding, eg. Esme Fairburn, John Ellerman	Need to ask ourselves what would we want to do with extra funding?
	Was previously funded 80% by members, now 80% from other sources. This has helped WildFish to evolve	
	Better reputation	
	Taken more seriously, because has now got the funds to eg. gain and present better data to EA and others	
	Having a substantial reserve raises eyebrows, but is not a complete blocker – can be used as match-funding	
	Most of the advantages are financial	
<b>Wild Trout Trust</b> A Charity	Director – Shaun Leonard. A membership organisation, but not ‘professional membership’. Believed IFM should be well placed to make a successful application	
	Can apply for grants – including EA, access and likelihood of success is greater. Some funders supply Charities only	Could apply for grants if not a charity
	Never had any issues or dealings with the Charity Commission – maybe because WTT has a strong board behind it	
	Assumed to have a good reputation as governed by the Charity Commission	
	Gut feel – better to be a charity.	
<b>CIWEM</b> A Charity	CEO – Terry Fuller A professional membership organisation Has been a charity since 1983.	
	Has a broad environmental remit, so easy to show public benefit.	
	They make professionals more professional and raise standards and environmental benefit = public benefit	
	0% VAT on certain parts of the business, eg Membership fees. To pay VAT on their large membership income would be very significant.	However, VAT is complex, e.g., digital comms is VAT able

	Good for reputation to be seen as a charity	
	Charities must be not-for-profit, so any surpluses must be re-invested	
	Can gain grants from a greater number of funders	
	Some income can be gift-aided	
<b>CIEEM</b>  A Charity	<p>CEO – Sally Hayns</p> <p>A professional membership organisation.</p> <p>Also a Limited Company and awarded a Royal Charter.</p> <p>First applied to become a charity in 2008. Applied again in 2020. It failed again because its public benefit was not clear enough, but was successful on appeal (arguing that a more professional membership leads to a better environment, for public benefit).</p>	
	Some financial benefits. For example, a trading profit from the commercial side of the business can be 'gifted' to the charitable side	However, trading income is not sufficient at present to make a significant difference.
	Have successfully gained a grant, and there are others being applied for	
	Membership renewals will have the option for gift-aid	
	<b>Conclusion:</b> haven't made the most of all the benefits yet, but are glad they have been successful in gaining charitable status and the effort was worth it.	

### Conclusions from above:

1. Every organisation is happy as it is – whether they are a charity or not. They have considered the pros and cons and are happy with their decision. Those that have become charities are glad they did; those that did not are happy as they are.
2. There are some financial benefits, eg. tax, VAT and grant funding, which some see more useful than others.
3. It should be easy for IFM to communicate and confer its public benefit, as other similar environmental professional membership organisations have done.
4. Those that are charities are from being a company limited by private guarantee.



## Appendix 2. Comparison of different legal entities to become a charity

### Different legal entities previously compared

Legal Entity Type	Advantages	Disadvantages
<b>Company Limited by Guarantee (CLBG)</b>	Initial set up as company is easy and quick to do.	Must have £5000 income to register as a charity
	As a CLBG have the option to register as a charity at any time	Need to report to both Companies House and Charity Commission.
	Directors have limited liability	
	If lose Charitable status still a registered company	
	Ability to borrow money	
<b>Charitable Incorporated Organisation (CIO)</b>	No need to register with Companies House	If lose charity status then cease to exist
	Simpler accounts if less than £250k gross income	Still relatively new and not recognised by some funders and donors
	No minimum registration threshold	Inability to borrow money
	Trustees can benefit from limited liability	
	Waiting time to be registered	
<b>Community Interest Company (CIC)</b>	<b>From: <a href="#">The benefits of being a CIC</a></b> Summarised below:	Will need new: 1. Constitution 2. Application to tit CIC Regulator
	Provides limited liability for its members	
	Can borrow money (probably not needed for IFM)	
	Can make a profit . Most expected to go to its social purposes, but a proportion can be paid to directors (not needed for IFM)	
	<b>Compared to a charitable company, a CIC has:</b>	
	<ul style="list-style-type: none"> <li>- Greater flexibility in terms of activities (maybe helpful)</li> <li>- No trustees, and no trustee control (would mean disbanding Trustees)</li> <li>- Directors who can be paid, but this is regulated (we can be paid anyway)</li> <li>- Light touch regulation, but no tax incentives</li> <li>- Fewer reporting requirements – eg. a charity must complete the Charities SORP (Statement of Recommended Practice)</li> </ul>	
	<b>Compared to an ordinary company a CIC has:</b>	
	<ul style="list-style-type: none"> <li>- An asset lock, which is inexpensive and easy to set up</li> <li>- Statutory provisions that prevent the members of the CIC removing the asset lock by special provision</li> <li>- Regulation to ensure the CIC maintains its asset lock</li> <li>- Checks and balances provided by CIC legislation</li> <li>- A community benefit report open to public scrutiny</li> </ul>	

	<ul style="list-style-type: none"> <li>- Transparency of directors' remuneration and use of assets</li> <li>- Legal protection from demutualisation and windfall profits being paid to directors and members</li> </ul>
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### Conclusions from above:

1. A CIC offers no obvious advantages over being a limited co. or a CIO
2. Being a Charity will have some more bureaucracy, but will have some tax and financial benefits
3. Becoming a limited co. is quick, easy, provides limited liability and still provides the opportunity to register to be charitable, however must report to Companies House and Charity Commission
4. Previous conclusion from comparison was to become a CIO.
5. **On balance, of we wish to have the option of becoming a charity, we should register as a CLBG.**

### Further Information

From gov.uk: <https://www.gov.uk/set-up-a-social-enterprise>

If you want to set up a business that has social, charitable or community-based objectives, you can set up as a:

- [limited company](#)
- [charity](#), or from 2013, a [charitable incorporated organisation \(CIO\)](#)
- [co-operative](#)
- community interest company (CIC)
- [sole trader](#) or [business partnership](#)

### Community interest companies (CICs)

A CIC is a special type of limited company which exists to benefit the community rather than private shareholders.

To set up a CIC, you'll need:

- a 'community interest statement', explaining what your business plans to do
- an 'asset lock' - a legal promise stating that the company's assets will only be used for its social objectives, and setting limits to the money it can pay to shareholders
- a constitution - you can use [the CIC regulator's model constitutions](#)
- to get your company approved by the [community interest company regulator](#) - your application will automatically be sent to them

The CIC regulator has [guidance on setting up a CIC](#).

### Further information

Get advice and case studies from [Social Enterprise UK](#), [Inspire2Enterprise](#) and [UnLtd](#) or download guidance on business structures for social enterprises.