Governance and Organising Models

LANDMATCH ENGLAND

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Introduction

If you are setting up a project, it is important to think about how you want that project to be run. This means thinking about governance (incorporation, legal structures) and organising models (how you will make decisions, what roles are needed to do your project etc).

In this guide you will find information about different types of legal structure and some questions to support you in your thinking about which one might be the best fit for what you want to do. You will also find information about setting up roles and responsibilities for your project as well as options for how to make decisions.

This guide is a starting point to offer you a way into these topics. There is a list of other resources linked in the References section at the end of this document.

Image: Woodland Farm, Photographed by Phoebe Davies for Culture Roots Collective, 2026

Legal Structures

Questions to Identify Which Legal Structure Might be Best for You

Here are some questions to consider when choosing which legal structure is the best fit for what you want to do. Based on your answers, options for legal structures are then offered. This is drawn from information provided by the Resource Centre.[1] The next section of this guide explains each legal structure and what they involve. These are offered in alphabetical order rather than suggested preference.

Q. Do you need to have a legal structure / to incorporate or not?

Incorporation means that a group of people form together to become an organisation that is a distinct legal entity. This legal entity will have liability for debts and legal action. Funders also often prefer to grant money to incorporated organisations although not always.

Yes:

- Charitable Incorporated Organisation
- Community Benefit Society
- Community Interest Company
- Company Limited by Guarantee
- Cooperative Society

No:

Unincorporated association

Q. How will your project be funded?

Income from grants and donations:

- Charitable Incorporated Organisation
- Company Limited by Guarantee
- Unincorporated association / Charitable Trust

Income from selling goods and services:

- Community Benefit Society
- Community Interest Company
- Company Limited by Guarantee
- Cooperative Society

[1] https://www.resourcecentre.org.uk/information/legal-structures-for-community-and-voluntary-groups/

Q. Will your organisation have voting members?

Yes:

- Charitable Incorporated Organisation (association model)
- Community Benefit Society
- Community Interest Company
- Company Limited by Guarantee
- Cooperative Society
- Unincorporated association

No:

Charitable Incorporated Organisation (foundation model)

Q. Will your organisation be charitable?

A Charity is not a legal structure in and of itself;

Most charities adopt one of the following legal structures:

- Charitable Community Benefit Society
- Charitable Incorporated Organisation
- Company Limited by Guarantee
- Unincorporated association / a Charitable Trust

The following CANNOT be charities:

- Community Benefit Society
- Community Interest Company
- Company Limited by Guarantee
- Cooperative Society

Types of Legal Structure Explained (in reverse alphabetical order)

Unincorporated association

Two or more people come together to form an unincorporated association. It doesn't have any formal legal structure or governing documents. Unlike incorporated associations, members of unincorporated associations have personal liability for any debts or legal actions.

How to set up:
Set up a group and decide what you would like to do together and how you'd like to organise yourselves.

Governing documents:
None required - you can make governing documents for your group - like a purpose statement / written constitution / agreements about how you make decisions etc.

Key features:
No registration / legal structure required for this form of association.

Pros and cons of this legal structure:
Pros: very easy to set up, no costs to set up, offers a lot of flexibility to those involved to organise how they like.

Cons: personal liability for any debts or legal action, many funders will not fund unincorporated associations directly, you may need a fiscal host to hold any funds for you if you want to fundraise.

Cooperative Society

A Cooperative Society is a business that is owned and controlled by its members and exists primarily to benefit its members.

How to set up:
You need to register your new Cooperative Society with the Financial Conduct Authority (FCA). For this you will need to fill out a form on the FCA website and send a copy of your governing documents. You can use model Rules shared for free by organisations like the Plunkett Foundation.

Governing documents:
Rules

Key features:
All members have an equal say in how the business is run and how to distribute any profits. It is a democratic structure. Workers' cooperatives are often set up as Cooperative Societies for this reason.

Pros and cons of this legal structure:
Pros: Can raise funds by offering shares and debt to the general public, has a more democratic ownership structure.

Cons: Slightly more complicated to set up, not as well understood by funders - if you are seeking grant funding it is worth checking with funders that you might wish to approach about this legal structure.

Company Limited by Guarantee

A Company Limited by Guarantee (or CLG) is a limited company whose governing documents can be written to benefit the community.

How to set up:
You can register a CLG on Companies House. To do this you need to choose a company name, and registered office address, appoint a director or directors, prepare your governing documents, set up your accounts system as you will be required to submit accounts annually, and pay £100. Once you have registered with Companies House, you need to register for taxes with HMRC.

Governing documents:
Memorandum and Articles of Association

Key features:
This is the most frequently used corporate structure and can be adapted to suit most purposes. CLGs can get charitable status if it meets the criteria for being a charity.

Pros and cons of this legal structure:
Pros: It is cheap, quick and easy to set up, well understood by funders, it is a flexible legal structure and you can easily adapt CLGs to Community Interest Companies or Charitable Companies.

Cons: There is no easy way to raise investment from your community in a CLG.

Companies can also be Limited by Shares, however most companies that are set up to benefit the community are set up as Limited by Guarantee - which means that there are no shares to sell, directors/members can't privately profit and risk is limited.

Community Interest Company

A Community Interest Company (or CIC) is a limited company set up to benefit the community. It can be limited by shares or by guarantee.

How to set up:
Your group must supply the CIC regulator with a community interest statement to show the purposes of the company, the activities you will undertake to meet these purposes, and which communities the CIC is intending to benefit. The Office of the Regulator of Community Interest Companies decides whether your organisation is eligible to become a CIC. You then need to create a Constitution and Articles of Association - the governing documents for a CIC, pay £115 to register, and name who your 'asset lock' is.

Governing documents:
Constitution and Articles of Association

Key features:
A key feature of a CIC is the "asset lock". This is another 'asset-locked body' (maybe another CIC) that is named in the governing documents of the CIC to ensure that the assets of your CIC are exclusively used for the benefit of the community.

Pros and cons of this legal structure:
Pros: It is quick and easy to set up, well understood by funders, and has an irreversible asset lock, you only need to report to the CIC regulator, Directors can be employees and be paid.

Cons: It doesn't offer a straightforward way to raise investment from your community, there are slightly fewer funding opportunities currently available for CICs.

Community Benefit Society

A Community Benefit Society (or CBS) is set up to benefit the community rather than just its members and have reasons not to want to be a company.

How to set up:
You will need to register your CBS with the Financial Conduct Authority. For this you will need to fill out a form on the FCA website and send a copy of your governing documents. You can use model Rules shared for free by organisations like the Plunkett Foundation. You will also need to name your 'asset lock' organisation. Your CBS is then regulated by the FCA.

Governing documents:
Rules

Key features:
A key feature of a Community Benefit Society is the "asset lock". This is another 'asset-locked body' (maybe another CBS) that is named in the governing documents of the CBS to ensure that the assets of your CBS are exclusively used for the benefit of the community.

Pros and cons of this legal structure:
Pros: can raise funds by offering shares and debts to the general public, liked by funders, can have an asset lock, more democratic structure, can have charitable status, one member one vote which can be more democratic than other structures.

Cons: slightly more complicated to set up than other structures, you need to register with HMRC and check you are eligible for charitable status through this route rather than one of the charity regulators.

Charitable Incorporated Organisation

Charitable Incorporated Organisations (or CIOs) are corporate structures designed for charities and they function in similar ways to companies but with different terminology.

How to set up:
You can set up a CIO by registering with the Charity Commission. You do not need to register with Companies House. To do this you need to send a copy of your constitution (model examples can be found on the Charity Commission website), name your asset lock organisation, decide if you want your CIO to be run entirely by Trustees (in which case you need to choose a constitution for CIO Foundation Model) or if you want the wider membership to hold Trustees to account (in which case you need to choose a constitution for CIO Association Model).

Governing documents:
Constitution

Key features:
CIOs cannot be anything but a charity and must meet the criteria for being a charity. ee and apply to the Charity Commission to become a charity.

Pros and cons of this legal structure:
Pros: Only need to register with the Charity Commission, and comply with Charity Law

Cons: Can be more confusing to set up, funders are gradually becoming more familiar with this structure but not all, because CIOs are not registered with Companies House, it can be difficult to get a loan/mortgage..

Charitable Company (Limited Company by Guarantee)

Most charities are Companies Limited by Guarantee that have applied to have charitable status. If you are to be a charity you have to word your objectives in a particular way which resembles how the charitable objectives are framed.

How to set up:
To set up a Charitable Company, you need to register with Companies House as a Company Limited by Guarantee and apply to the Charity Commission to become a charity. Your Charitable Company will then be regulated by Companies House and the Charity Commission.

Governing documents:
Articles of Association

Pros and cons of this legal structure:
Pros: There are tax advantages to being a charitable organisation, opens up opportunities for a wider range of funders, and can be really useful if you're doing a capital works project (i.e. with big buildings).

Cons: More administrative burden as a charity with more scrutiny, there are limits to what you can trade, there are more restrictions on political activity - you can only lobby for things that affect your charitable objectives. Trustees cannot be paid, but have legal responsibilities over strategic decisions.

Organising Models

Roles and Responsibilities

As well as your governance and legal structure, your group will want to explore how you organise together.

To begin with, it can be helpful to map all the work that you need to do in your project. When this is mapped out, you can cluster the areas of work together into roles and responsibilities that make sense to you.

Some examples of possible roles and responsibilities include:

- Managing the money (Finance)
- Ensuring your people are OK (HR)
- Delivering the work (Project leads)
- Telling people about what you do (Comms)
- Community building (Outreach)

When you have decided which roles you need in your team you can create role descriptions which become agreed areas of responsibility for each role. Working out how decisions are made and who needs to be involved in what decision is then a vital next step in figuring out how your team will work together.

Decision making

Who makes what decisions

Some decisions will need to be made by everyone involved in your group. Sometimes you will also need to bring in people outside the group to support with making a decision. Sometimes smaller groups within the larger group can make the decision. Sometimes an individual can make the decision (perhaps with consultation) on their own.

A tool that can support working out who makes what decision is 'the decision making tree'. Using this model, you can work out root decisions (which need to be made by the whole group and others affected in the ecosystem), trunk decisions (core organisational decisions needed to be made by the whole group), branch decisions (which need to be made by smaller teams/those working on a particular issue or area), and leaf decisions (which can be made by individuals).

How decisions are made

There are many different ways to make decisions in a group of people. The three main ways that groups use to make decisions are consent, consensus and voting. These are outlined briefly below.

Consent: This is a way of making decisions where everyone in the group consents to the decision being made. The guiding principle of this way of making decisions is 'good enough for now, safe enough to try'. Usually a proposal is brought forward and then the decision is made by going through a number of rounds - starting with clarifying questions so everyone can understand the proposal, followed by any critical concerns about the proposal, followed by any proposed upgrades to the proposal. Then a consent round is held to check consent of the full team.

Consensus: This is a way of making decisions where everyone in the group needs to fully agree to the proposal with a higher bar for agreement than consent decision making. Proposals are also brought forward and the group deliberates on the proposal raising concerns and making amendments until consensus is reached. This process can take a very long time.

Majority Voting: When a decision needs to be made a vote is called and the majority wins. This is a quick way to make decisions but it often doesn't allow time for exploring concerns and upgrades to proposals being brought forward. Sometimes voting is used as a back stop decision making process when a decision cannot be reached through consent or consensus.

Having a Board

Some legal structures require that your organisation has a Board. This can add another layer into decision making. Often the Board will have oversight of the governance, make sure the governing documents are followed, and that reporting to the relevant oversight body takes place.

Representative Board:

For a community asset transfer, or inception of another group, you might get a representative board to have certain interests voiced in the board (i.e. at least two board members from the local authority). In the case of a company with a small membership - only the board are the members.

If you want representatives from certain groups / organisations involved in your organisation but can't get people on the board for whatever reason you could have them as an advisory role/group where they can input into decision making in an advisory way but don't have a vote.

Democratic Board:

For companies or community benefit societies with large membership, where there are more members than just the Board, the Board are often elected. It is sometimes possible to have a hybrid situation where some Board members are elected and some are appointed based on skills or to ensure good representation.

Living Systems

As well as decision making, six other 'living systems' of a group have been identified that it is good to spend some time thinking about and working out what you might want and need in relation to them. According to Navigate Coop, the seven living systems of a group are:

- Decision Making
- Conflict
- Care and Support
- Feedback
- Resource Sharing
- Information Flow
- Community and Belonging

There is a free online course exploring each of these systems and how to establish them in your group offered by Navigate. You can get in touch with them if you need more support with this.

Resources

- https://www.resourcecentre.org.uk/information/legal-structures-for-community-and-voluntary-groups/
- https://plunkett.co.uk/wp-content/uploads/Brief-Guide-to-Legal-Structures-March-2016.pdf
- https://www.cvsbeds.org.uk/assets/cvs/files/SI%20Legal%20Structures%20Chart.pdf
- https://communityfarm.land/governance-structure/
- https://www.charitysetup.org.uk/checklist/write-a-governing-document-or-constitution/
- https://www.fca.org.uk/
- https://www.gov.uk/set-up-a-social-enterprise
- https://www.uk.coop/resources/simply-legal

- Living Systems / Navigate: https://www.navigate.org.uk/living-systems
- RadHR / Policy Support: https://radhr.org/
- People's Support Coop - provide legal advice for organisational policies https://peoplesupport.coop/

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