



A REVIEW OF CSPA's LEGAL STRUCTURE

CSPA is a membership organisation with 2 autonomous branches, 34 groups and a national presence, managed by the elected Executive Council (EC).

The governing document (constitution) is the CSPA Rules and Constitution dated 10 October 2025. The Northern Ireland and Scotland Branches have their own constitutions.

CSPA is an unincorporated association.

Unincorporated Associations

An 'unincorporated association' is an organisation set up through an agreement between a group of people who come together for a reason other than to make a profit (for example, a voluntary group or a sports club). There is no relevant governing Act of Parliament.

The members of an unincorporated association agree, usually in a written constitution, to co-operate in furthering a common purpose. The association is not a legal entity, and the affairs of an unincorporated association are usually managed by a committee chosen by the members.

Advantages

The advantages of an unincorporated association are:

1. They are simple to set up. They are created by agreement between the members.
2. Finances are private as an unincorporated association does not have to file accounts and other information with Companies House or with the Registrar of Friendly Societies.
3. There is flexibility in how an unincorporated association operates.

Disadvantages

The disadvantages of an unincorporated association are:

1. The association does not have limited liability. The officers and the members of the association will be held liable for any debts or claims and for the performance of the

association's contracts and other obligations. Accordingly, legal actions are brought against the committee and or its members.

2. It is not a legal entity and does not have a separate legal existence from its individual members, accordingly it can neither sue nor be sued other than through its officers and members.
3. It cannot hold land, property or investments other than in the name of officers or trustees.
4. The association cannot make formal contracts. Any contract which has been entered into in the association's name will be null and void. Contracts can only be entered into, in an individual's name, who would then be legally bound.
5. Where an action is brought against the association, problems arise because each member is personally liable. In such cases, it is usual for a claim to be made against nominated individuals (the committee) and an action brought against them. If the action is successful, all the members are liable to pay the damages equally. Difficulties often occur when the committee start to pursue the individual members.
6. Assets will usually be held on trust for all members and the committee will have the responsibilities of trustees. Consequently, committee members will need to fully understand trustee responsibilities and obligations which can be onerous.

An alternative legal structure for CSPA would be to incorporate and become a company limited by guarantee.

Incorporation

A company limited by guarantee is a legal entity which is separate from its members and those who run it.

The company has guarantors and a 'guaranteed amount.' The guarantors are the members, and the guaranteed amount is £1.00 for each member.

The company invests profits it makes back into the company.

Advantages

The advantages of a company limited by guarantee are|:

1. The company is a separate legal entity from its members and their liability for its debts or any claim is limited to their guarantee of £1.00.
2. It is the company which is pursued for claims and not the EC, group or branch committees or members.
3. It can hold assets in its own name and the EC will not be trustees.
4. Each member is equal in standing to the others and has equal rights.
5. Companies House can agree to dispense with the use of “limited” in the company name.
6. Property can be held in the company’s name which avoids the expense of changing ownership each time the trustees change.
7. It is an easier structure to merge or take over other organisations.

Disadvantages

The disadvantages of a company limited by guarantee are:

1. The requirement for the company to file annual accounts and returns with Companies House and HMRC, as well as to notify Companies House of any changes to the registered address of guarantors/directors. The addresses are usually the registered address of the company and not the personal addresses.
2. The annual costs of running a company limited by guarantee are slightly higher than those of an unincorporated association.
3. Accounts will be public but due to provisions for small entities the detail in the accounts is minimal.

Frequently Asked Questions

1. Why is this being reviewed?

The EC undertook training workshops in 2024 and 2025 in which the EC learned of the differences between unincorporated associations and limited companies and the risk of individual liability. The EC appreciate this is relevant to branches and groups and their committees, and it is important that they have this information and are able to make decisions to protect themselves and their members.

2. If a member only pays their subscription and does not involve themselves in the running of a branch or group, would that member still be responsible?

As an unincorporated association, the short answer is yes; each member has equal risk. A claim may well be made against the branch or group officials, but they could in turn claim against each member.

3. Is it not the case that a claim is unlikely?

We do not know, but claims against membership organisations and officials are occurring all the time. They can come from areas such as:

- Data protection breaches – this is deemed to be CSPA's area of highest risk.
- Injuries at events when a proper health and safety assessment was not undertaken.
- Claims by employees.
- Breaches of confidentiality when undertaking member support.

4. Does CSPA have insurance to cover any claims?

There is insurance cover, but there is always a risk that an insurer will try to avoid a claim or that a claim is capped, exposing members to the risk of a financial contribution. It is important to remember that any successful claim will be against the EC members and the insurer will then indemnify those members. If the insurers do not do so, the members are liable.

Depending on the claim an insurer may avoid a claim because:

- A branch or group has not adopted or followed data protection policies and procedures.
- There is no health and safety policy or risk assessment in place.
- There is no equality policy.

5. What is the alternative?

Many unincorporated associations are now changing their structure to become a company limited by guarantee. This is a company registered at Companies House, but

it has members rather than shareholders. The members agree to pay a fixed sum should the company be dissolved which is usually £1.00.

6. What is the advantage of being incorporated?

The members have limited liability which means that they are only personally liable to the limit of their guarantee which is usually £1.00.

The Company can also have assets in its own name such as a bank account or investments.

7. Would the name CSPA change?

It would be CSPA Limited at Companies House, but could still be CSPA to members. There is an option at Companies House for the word “limited” to be removed.

8. Who would be the company directors?

The members of the EC would become directors.

9. Would the directors be paid?

It is unusual for directors of companies limited by guarantee to be paid a salary. They can however claim their out of pocket expenses. It follows that the EC members of CSPA would not be paid but still would claim expenses in accordance with the policy on claiming travel, subsistence and other expenses.

10. If it were decided to incorporate, what would the process involve?

The process would involve:

- Obtaining approval at an Annual General Meeting (AGM). Delegates at the AGM would be asked to approve in principle the concept of incorporation and also to approve the Memorandum and Articles of Association which are the constitution of the organisation and would replace the current CSPA Rules.
- Instructing lawyers to assist in the drafting of the Memorandum and Articles of Association and any Rules of the new company.
- It is likely that the Memorandum and Articles of Association would be very similar to the current Rules. The preference is not to change these unless the lawyers advise there is a compelling reason to change any. If this was the case the AGM would have to agree to do so.
- If these are approved by anAGM, then forming the limited company.
- If a company was formed, only the members can decide on changes to the Memorandum and Articles. This would take place at an AGM.

11. What are the responsibilities of a Company Limited by Guarantee?

The responsibilities are the same as a limited company with shareholders, and these are briefly:

- Running the company in accordance with the Companies Act 2006 and the company's articles
- Registering for business taxes, including Corporation Tax (and VAT, if applicable). CSPA already pays Corporation Tax and VAT.
- Registering as an employer if the company has employees.
- Preparing annual accounts for Companies House.
- Preparing Company Tax Returns and accounts for HMRC.
- Filing a confirmation statement at Companies House every year.
- Paying Corporation Tax (and VAT, if applicable).
- Maintaining a registered office address.
- Keeping statutory registers and accounting records.
- Reporting any change of company details.
- Making statutory registers available for public inspection.

12. Would Branches and Groups have protection and limited liability?

Yes, the constitution can be drafted to enable branches to have autonomy but still be part of the company. All members of CSPA would be members of the company limited by guarantee.

13. Would the two branches remain autonomous?

Yes, branches will remain autonomous.

14. Would incorporation mean that two branches would also need to comply with the requirements set out in 11 above?

Much will depend on whether the branches are viewed as autonomous. Some organisations similar to CSPA have not needed to register branches for VAT.

If a decision is made, in principle, to examine incorporation it would be essential to instruct lawyers and accountants to review all the pros and cons including tax and VAT. The preferred option is that:

- the branches remain autonomous but do not need to be separate limited companies.
- branches and groups send accounts to CSPA HQ, who compile the overall company accounts. Branches would not therefore need their own accountants.
- CSPA HQ manage and deal with all the regulatory requirements set out in 11 above.

- importantly the cost of incorporation set out in 10 above would be borne centrally and there should be no cost to branches or groups.
- branch and group committee members would continue to act as previously. They would not become directors.

15. Would the EC be able to claim branch or group funds?

No, the branches will be autonomous, and the EC would not be able to require a branch or group to remit any of its funds or reserves to CSPA HQ other than as currently stipulated in CSPA's Rules 6 and 9. Groups and branches will still retain their own funds.

16. Could the EC when they become directors change the constitution?

No, only the AGM can change the constitution. The directors have to comply with statutory duties in the Companies Act.

17. Could CSPA register as a charity?

A company limited by guarantee can register as a charity provided that it can establish a public benefit. The Charity Commissioner has been more restrictive in recent years on the issue of a public benefit, and it is sometimes necessary to demonstrate that the charity benefits a wider section of the public not just a specific group

In addition, becoming a charity can be more restrictive, particularly with regards any action which could be taken to be political. Some future campaigns by CSPA may be determined to be political and the organisation may wish to consider having a separate charity to retain flexibility.

Any decision to become a charity would need legal and accountancy advice to review the pros and cons.