

# Further delays for charitable incorporated organisation

By Paul Jump, Third Sector, 23 February 2010

The new legal form might not be introduced before 2011

The launch of the charitable incorporated organisation - a new legal form for charities - has been delayed again. It is now not expected to become available until late this year or early 2011.

Provisions for the establishment of CIOs, which would allow charities to incorporate without registering with both the Charity Commission and Companies House, were included in the Charities Act 2006.

CIOs were initially expected to be available from summer 2008. A spokesman for the Office of the Third Sector said hopes that the model would be available by this spring had evaporated because there would not be enough time in the current parliamentary session to pass the necessary secondary legislation.

He said officials were still working through some operational issues the commission had raised, such as the details of a phased implementation and concerns about the regulator's ability to manage information on the liabilities of CIOs.

"We do not want to implement a model that the commission cannot properly support," he said. "The aim now is to be ready to take the legislation through as soon as possible in the new parliament, with the CIO becoming available either later this year or early in 2011. Updated draft regulations will be published in due course."

Rachel Holmes, a professional support lawyer at Farrer & Co, said the delay was disappointing but not entirely surprising. "I agree with the OTS that it is better to wait and get something workable," she said.

Shivaji Shiva, an associate at Michelmores, said the continuing uncertainty would encourage more unincorporated charities to opt for incorporation as companies limited by guarantee.

Earlier this month, the OTS announced that a proposed consolidation of charity law would also have to wait until the next parliament.