



## SUMMARY OF PROPOSED CHANGES TO REYC GOVERNANCE 2018

1. **Introduction.** The 2017 AGM approved the Commodore's proposal to set up a team under the chairmanship of Col (Retd) Bob Hendicott to review our governance arrangements. The team was asked to report back to this year's AGM identifying the shortcomings of the current system and proposing a way ahead. This is a summary of the team's findings and recommendations and is provided for those who prefer not to read into the detail of the full report.

2. **Need for Change.** Since 2011, in common with many other Services Charities, including Corps' yacht clubs, the REYC has been run as an Excepted Charity under the umbrella of the MoD. This has allowed the Club to be run with no involvement by the Charity Commission (CC) and to use Service (Non Public) Fund accounts and banking arrangements. However, CC rules are that Excepted Charities cannot have a turnover of more than £100k and cannot own property corporately. Additionally, MoD now requires all yachts used by Service personnel on duty to be coded as Small Commercial Vessels (SCVs) by the Maritime and Coastguard Agency (MCA). The reasons for a change of governance are:

- a. Our annual turnover will soon exceed the maximum allowed.
- b. Our yachts have to be owned and registered in the personal names of 2 Trustees and, because they are coded as SCVs, the owners (the 2 Trustees) have personal responsibility for all aspects of their management and usage.
- c. All Trustees also have personal liability for all aspects of the Club's management and assets.

It is no longer reasonable to expect the Trustees to accept these personal responsibilities and liabilities.

3. **Proposed Changes.** The Team considered several management models, but following legal, financial, MoD, RYA and MCA advice, unanimously recommend that REYC should become an Association Model Charitable Incorporated Organisation (CIO). Key features are:

- a. This change will not affect the name, purpose or ethos of the Club. Members' rights and privileges and the usage of our yachts, dinghies and other equipment will not be affected.
- b. The Board of Trustees will have a clearer role to play in the governance of the Club and will have corporate rather than personal responsibility for the Club's governance and liabilities.
- c. Overall responsibilities and titles of our Flag Officers (FOs) will remain unchanged, but FOs will change the way they exercise their responsibilities.
- d. New practices and procedures will need to be adopted by Club Officers, particularly the Trustees, Rear Cdre (Offshore), Secretaries and Treasurers.

4. **Action so Far.** To enable the proposed changes, a new Constitution has been submitted to the CC in the format required for their approval. Thereafter, adoption of this new Constitution and migration from current governance arrangements to new arrangements will be subject to the approval of the AGM in Apr 18 or, if necessary, a subsequent General Meeting. To close the existing Club, formal MoD approval is also required.

5. **Further Work.** Assuming the proposed changes to our governance are approved, REYC will need to transfer its assets from the old organisation to the new, and then close the old organisation; it is expected that this can be achieved by the end of this year. Activities, some of

which are already in hand, include:

- a. Rewriting our Rules and Bylaws.
- b. Divorcing our financial arrangements from the existing MOD system and adopting CC approved civilian practices.
- c. Refining the management of our offshore yachts.

6. **Action by Members.** The Review Team Leader will present the Team's recommendations to the AGM on 19 Apr 18 and take questions from Club members, who will then be asked to endorse them and approve the proposed governance changes. As a reminder, the detail is in the full report and this includes the resolution on which full members will be asked to vote at the AGM. The Team urges as many members as possible to attend the AGM and to vote.