

Facing closure

Unless it is due to success and achieving all your aims, no-one wants to have to close down their organisation.

If you think you might need to close, here is some Macc guidance that might help:

- [Managing a Funding Crisis](#)
- [Review your options](#)
- [Risk Assessment](#)
- [Strategic Review](#)
- [Collaboration](#) or [Merger](#)
- [Cost Reduction and Restructuring](#)
- [Insolvency](#)

You may also find this Crisis Decision Tool from charity legal firm Bates Wells helpful: <https://bateswells.co.uk/crisis-decision-tool/>

Sadly, it may not be possible to keep going and closure may be the only option. If so, it is important to do it responsibly and safely and to fully understand your financial position and legal duties.

We cannot provide HR or legal advice so please seek professional support where necessary:

[Manchester Community Central's Approved Providers list](#) – for a list of approved independent consultants

[RootsHR](#) – Human Resources for social sector employers

[LawWorks](#) – brokers free (pro-bono) legal advice to small not-for-profit organisations

When winding up a project or service:

a. Notify key stakeholders: How will you inform and consult with other



key partners and stakeholders such as funders, suppliers or operational partners?

b. Manage people affected within your organisation: How will this affect your staff or volunteers? How will you manage this? Having to make redundancies and close an organisation down is stressful so make sure you look after your own health and wellbeing too. [See this blog on Stewarding Loss – a care-ful infrastructure for organisational endings.](#)

c. Plan future of client records: The issue of beneficiary records is often forgotten. If the service is being transferred to another provider, then the solution is probably to transfer client records, but you need to consider [data protection](#) issues. You may need to write to all clients seeking their consent. If the service is not being transferred, your first thought may be to destroy client records. However, this would mean that you have no records to refer to in the event of a negligence claim being brought against you. (Adult negligence claims are subject to a three-year time limit, but children may claim at any time up to their 21st birthday.) Consider safe storage of records!

d. Terminate leases and service contracts: Do you need to terminate any leases or contracts? Do you know the implications of this?

e. Finalise project accounts and monitoring returns: Make sure you are clear on any funder expectations around paying back grants or their reporting requirements

When winding up an entire organisation, also consider:

f. Equipment and assets: What will happen to these? What does the dissolution (closing down paragraph) or asset lock clause in your governing document require you to do? You should settle debts and distribute assets in accordance with the dissolution or asset lock clause in your governing document

g. Formal dissolution processes and regulatory bodies: You will need to review the guidance relevant to your organisation's legal structures and follow the steps to formally dissolve and inform the appropriate regulatory body.

- In the case of a **company**, you need to go through a process of



either;

- [Voluntary Strike Off](#) (see guidance at [Companies House](#)) OR
- [Members' Voluntary Liquidation](#) (see guidance at [Companies House](#))
- In the case of a **charity**, you would also need to inform the Charity Commission: [Close a charity](#)
- For a **CIO**, you need to inform the Charity Commission: [Close a CIO](#)
- For an **unincorporated association or trust**, you should follow the Charity Commission guidance: [Close an association or trust](#)
- The equivalent for a **registered society** would be an [Instrument of dissolution \(FCA\)](#)

Assuming you are solvent, these final processes are relatively straightforward. If you are insolvent, you will need to appoint an Insolvency Practitioner.

The Insolvency Enquiry Line – call 0300 678 0015 for information about the insolvency process during office hours (9am to 5pm Monday to Friday) or visit: www.Gov.UK

[LawWorks legal advice](#)

h. Celebrate your legacy: make sure to tell your story and celebrate your achievements – get in touch if you'd like to highlight this through our [Manchester Kindness Stories](#) series

Further advice and guidance is available at NCVO Knowhow: [How to close down a project or organisation](#)

If you need help, you can email the Capacity Building team on info@mcrcommunitycentral.org or call 0333 321 3021.

