involve
MAKING A DIFFERENCE LOCALLY

Guide #2

A guide to setting-up a Registered Charity or
in England and Wales
changing your community or steering group into one

This Guide may work best if you already have an existing community or steering group; see our Guide #1 to setting-up those.

You **can** just start with this Guide if you're confident about what you want your charity to do.

inTRUSTed

EFFECTIVE RECRUITMENT & SUPPORT FOR TRUSTEES

Setting up a Registered Charity

https://www.gov.uk/set-up-a-charity

CHARITY COMMISSION
FOR ENGLAND AND WALES

In order to set up and register as a charity, you need to fulfil the requirements of the Charity Acts 2011, as well as updates to that in 2016 and 2022. Charities in England and Wales are registered by the Charity Commission, and once set up, regulated by them. Thus, you need to clearly fulfil their requirements and that of those laws as a minimum.

The Charity Commission, and the National Council for Voluntary Organisations have guides on setting-up and registering a charity. You may even prefer those guides to this **involve** Community Services one.

Charity Excellence FRAMEWORK

We suggest you first download this Charity Commission checklist, and follow any one of the guides mentioned here, including this one from **involve** Community Services.

The Charity Excellence Framework is a source of broad guidance about all types of not-for-personal-profit orgs., not just charities. Other sources include Small Charity Support; a YouTube video from the Bates Wells law firm; a YouTube video from Withers LLP, another law firm; the Charity Digital guide or a blog from 1st Foundations.

CHARITY DIGITAL

Small Charity Support
1st formations

Bates Wells

W

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

2

Our guide is taken in part from those other guides, hopefully with more-detailed explanations and examples. We will suggest a *specific type* of charitable organisation that is relatively simple to set up, one that offers some protection from personal liability for trustees and is now the most-registered type of new charity (80+% of all new registrations).
There are other types of charity legal structures which we can explain separately, although not in this guide.

This guide is best for *existing* community or steering groups who want to register as a charity in **England & Wales** (Scotland & NI are different). You will need some things in place before you start to Register.

Please ask **involve** Community Services for guidance and explanations on any section below.

If your group is already working outside England and Wales, or your charity intends to do that, or is working with or sending funds to any overseas organisation, even if your group is based in E&W, there are some additional steps before Registration that are outside the scope of this simple guide.
Please speak with **involve** Community Services before proceeding any further, or search the Charity Excellence Framework.

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

If your existing community or steering group is already undertaking "charitable" activities (broadly defined, often as "doing good for your beneficiaries, and not-for-profit") and has an **income of more than £5,000** per annum, you are **required** by charity law and the Charity Commission to set up as a charity.

If your group isn't already set up with a Constitution, please see the separate **invol**ve Community Services' Guide #1 to **Setting up and running a group for good**, as *your initial steps* before charity registration. You may be able to jump or exclude some of those steps, but you **must have a basic framework in place** before you start to set up as a charity.
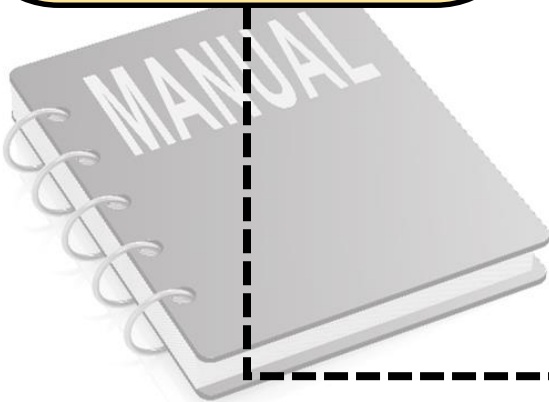
If your group is **already** a Community Interest Company *(that's not a charity)*, existing Unincorporated Charity, a Company Limited by Guarantee or another not-for-personal-profit legal structure, and you want to change your legal structure, this guide is *not for you*. **inTRUSTed** can advise about those: ask us!

You can look at the Charity Excellence Framework guide or read the Charity Commission information on how to change charitable structures. If your group isn't sure about its legal structure, or you are one of these groups, please ask **inTRUSTed** for more information and assistance.

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

For this guide to setting up a new charity, **involve** Community Services assumes you want to set up as a **Charitable Incorporated Organisation**, which offers a limit to personal liability for your Committee members, who will soon be called "trustees".

In following this guide and wanting to set up as a CIO, you must register with the Charity Commission regardless of your income (the £5k threshold doesn't apply).

As your group is already set up, you will have a **Constitution**. You will have to change your existing Constitution into a version approved by the Charity Commission, but that shouldn't be hard, as all the decisions about your existing Constitution you took when you first set up as a community group should generally still apply, although there will be a few more decisions to take.

There are other Registered Charity structures, but some leave trustees open to more personal liability, or are much more-complex to set-up and manage. Again, if you don't want to set up as a CIO, please contact **inTRUSTed**; see the Charity Excellence Framework guide or the full Charity Commission advice.

Charity Excellence FRAMEWORK

CHARITY COMMISSION FOR ENGLAND AND WALES

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

What's in a name?

You should check that the name of your proposed charity isn't similar or close to that of an existing charity. You may have done this when you first set up your group by searching the Charity Commission register for similar names, as they won't allow you to register the same or similar names (Cf. Naming a charity).

You should also search the internet for similar names of groups, organisations or companies, as not all UK charities need to be registered with the Charity Commission, and you don't want your nascent charity confused with another organisation, especially a commercial company, or for your registration to be refused.

Obviously, it's up to you what you call your charity, and whether you want to describe or include your beneficiaries in that name, but the more-distinct your charity's name is, the easier it will be for your donors and your beneficiaries.

You will need to choose between the two types of CIO:
(if the following isn't clear, ask **involve**)

whether your charity is governed and run *only* by your trustees
(The **Foundation** Model).

or

whether you want a wider voting membership who can hold your trustees to account
(The **Association** Model).
See below about voting members.

There are advantages and disadvantages to both models, and you have to decide at this point which is best for your future organisation.
It is possible to change from Foundation to Association Model once registered, but it's time-consuming. It is probably possible to change from Association to Foundation Model, but that would mean removing all your voting membership, and again would be time-consuming.

About "members", those people who are **not** on the Committee:
- If your community group requires your beneficiaries or supporters to sign-up or register to receive your services, whether or not there's a cost for that, they may be *called* members, but they are really "beneficiaries".
- If those people can **vote** to elect your Committee, then they *are* "members" (voting members), and there will be a description about membership in your existing Constitution.
  In this case, if you have these voting members, you **must** choose the Association CIO model.

inTRUSTed
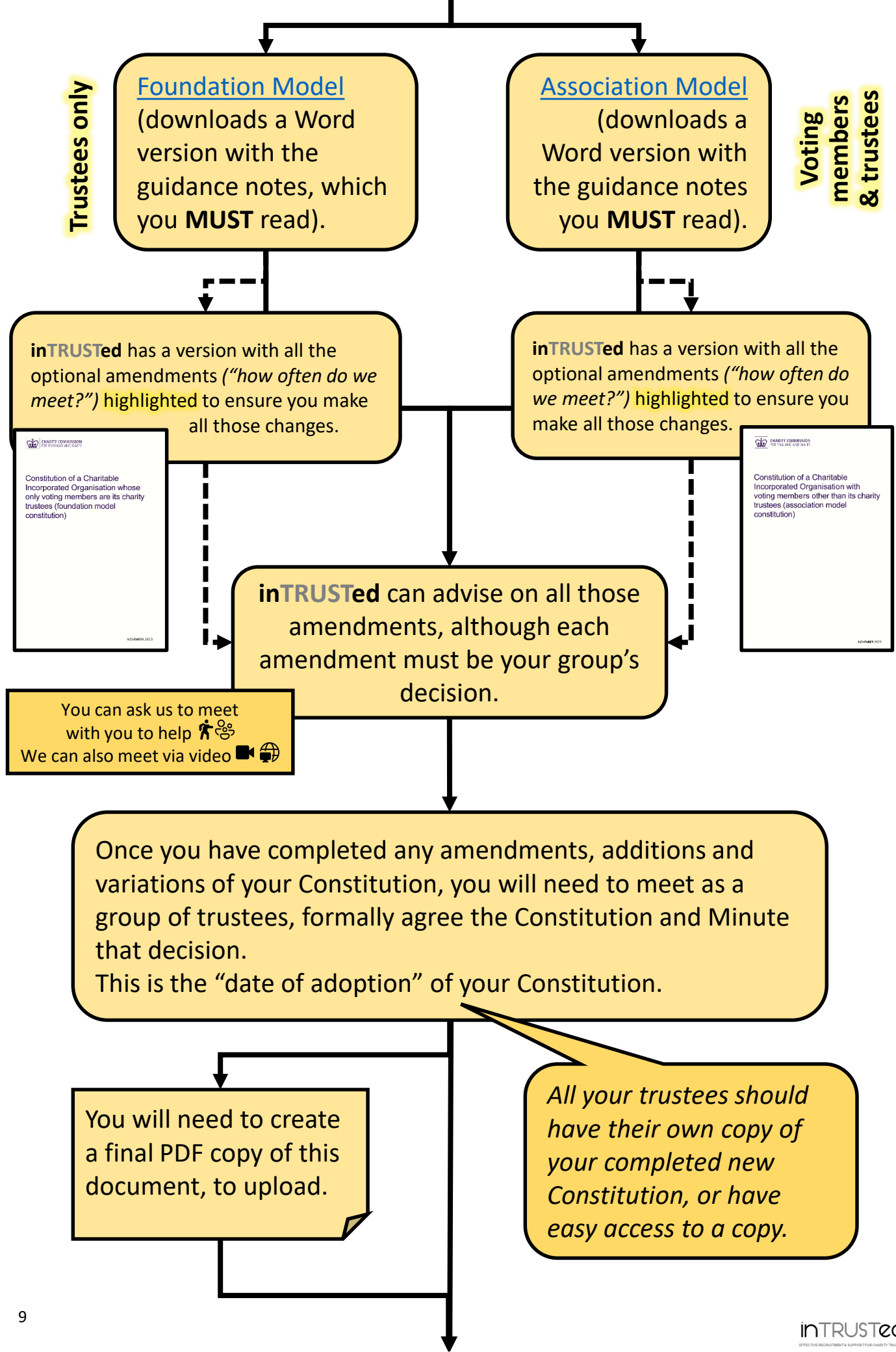EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

[Charity Commission guidance on CIO Association and Foundation Models](#) In our opinion, this guidance isn't very clear – ask **involve** Community Services for more clarity and examples, if you're unsure.

You will need to use one of the Charity Commission model templates for your Constitution, for the type of CIO you want. This is not your existing Constitution for your community group, but you will probably want to include many of the same options as when you first set up your group.
It's STRONGLY advised to use the [Charity Commission templates](#) and amend any clauses that are unnecessary for your group or its operation *(that amendment is expected by the Charity Commission and all are highlighted in the template versions we supply).*
The templates are clear about what can be amended, added or deleted, and what can't.

Although you *could* use their template just as guidance and then write your own Constitution, the Charity Commission will take at least double the time to register your charity and will refuse if specific clauses are omitted or changed. **Advice: use a CC template!**

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

Foundation Model (downloads a Word version with the guidance notes, which you **MUST** read).

Association Model (downloads a Word version with the guidance notes you **MUST** read).

inTRUSTed has a version with all the optional amendments *("how often do we meet?")* highlighted to ensure you make all those changes.

inTRUSTed has a version with all the optional amendments *("how often do we meet?")* highlighted to ensure you make all those changes.

CHARITY COMMISSION
FOR ENGLAND AND WALES

Constitution of a Charitable Incorporated Organisation whose only voting members are its charity trustees (foundation model constitution)

NOVEMBER 2023

CHARITY COMMISSION
FOR ENGLAND AND WALES

Constitution of a Charitable Incorporated Organisation with voting members other than its charity trustees (association model constitution)

NOVEMBER 2023

inTRUSTed can advise on all those amendments, although each amendment must be your group's decision.

You can ask us to meet with you to help 🚶👥
We can also meet via video 🎥🌐

Once you have completed any amendments, additions and variations of your Constitution, you will need to meet as a group of trustees, formally agree the Constitution and Minute that decision.
This is the "date of adoption" of your Constitution.

You will need to create a final PDF copy of this document, to upload.

All your trustees should have their own copy of your completed new Constitution, or have easy access to a copy.

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

You should check that the **Objects** or purposes that you created for your community group are still what you feel describes your objectives, as it is *very difficult* to change your Objects once you're registered as a charity. You should read the Charity Commission description about charity purposes.

For your **Objects**, you must choose no more than three sub-headings at most *(should probably be less)*, from that list of 15 top-level headings of Charitable Purpose.
The Charity Commission will question your clarity of purpose if you choose more than three and may refuse to register your group as a charity.
You might want to look at other charities with similar aims, via the Charity Commission website, to 'borrow' from their Objects or purposes.

You should look at the Charity Commission's guidance on writing your Purposes, and you can ask **in**vol**ve** Community Services for our advice, but, as always, it's your group's decision.

You **must read** the [Charity Commission guidance about Public Benefit](). This clearly relates to your charitable purposes, your Objects, and what you will be doing for your beneficiaries. What you do and say you do as a charity must clearly demonstrate what the benefit is to the public and how you will constantly achieve that.
(Later on, Trustees will have to annually report on how your charity provides public benefit, although that's not difficult if you're set up properly).

In 2021, 53% of applications to register a charity were refused by the Charity Commission; in 2022, 60% of applications were refused. Many of those refusals were about unclear Public Benefit ☹

You should create an explanation of your public benefit, probably as a separate document, as you will need all the details in this during the online registration process; having it pre-prepared makes it easier.

☹ Just saying "we will benefit the public in AnyTown by providing a playgroup" will **not** be sufficient.

☹ Just saying "we will help people in poverty who come us" will **not** be sufficient because you haven't explained how you know *who* they are, and can evidence that those people are in poverty.

Having links to accredited research, studies and online 'proof' of the need for your service and the benefit it provides, will make it easier to convince the Charity Commission

We hope this gives you some indication of the basic principles of the Public Benefit requirement, but please read the CC guidance to be sure.

The Charity Commission say (in that guidance) that you need to *understand* **Public Benefit** and you **must** explain to them when you apply online:

CHARITY COMMISSION FOR ENGLAND AND WALES

Public Benefit

★ The Benefit – how what you do benefits 'your public', what **evidence** and **proof** you have of that, not just your opinion, or even just the opinion of those benefitting

★ The Public – who your charity will benefit, how that isn't a small set of people; you must have **evidence** and **proof** of who you expect to benefit. *(Although if your charity uses the "prevention of poverty" clause, you may need to only clearly demonstrate The Benefit, above).*

What the Charity Commission see as "evidence and proof" during registration is harder to define, but if you've done some research, a survey, or have written evidence from other people, including statistics or reports, you can also refer to that in your Public Benefit summary. But be clear you must provide that **genuine evidence**, not just your **opinion**. In your application you *may* not need to send the Charity Commission the evidence, but you'll need to refer to it, ideally with an online link and date.
Do this research, etc., before you start the process!

You will need to check how many of your existing Committee members want to become trustees; remember you need at least three people, ideally more than that.

Although the duties are effectively the same as for your community group, the added legal responsibility and reporting requirements to the Charity Commission may put off people who just want to volunteer for your day-to-day operations.

Note that a CIO is an incorporated structure which offers a limit to personal liability to trustees, safely allows the organisation to employ people, and take on leases and contracts, etc., and grow, if you want that.

For a CIO, all of your trustees must be over 16 years' old, but we'd recommend that the majority are over 18. Trustees must be eligible to be trustees: eligibility criteria.

1. If the idea of originally forming your community group, and thus the charity, came from one person (the "founder"), they may want to become a trustee, even become the charity's Chair, and this is fine.
2. If that "founder" wants to (eventually) become a paid Manager/CEO/employee-in-charge, that's also fine.

BUT that person cannot be both:

You cannot have a trustee who is a paid employee;
You cannot have a paid CEO who is a trustee.
You must decide which role your founder wants!

If your founder becomes a trustee, they will join the group that makes the highest-level strategic collective decisions about your group, your charity. They thus have a lot of influence, alongside and **equal** with all other trustees.

If your founder becomes the paid employee/ CEO/equivalent and thus **not a trustee**, they will also exert influence over those high-level decisions, have more understanding and full authority over all day-to-day operations, but must understand that trustees are the ones who will make the high-level strategic decisions.

Both trustees and the CEO have 'control' and influence

inTRUSTed can provide a sample **Register of Trustees' Interests**, which is good practice for each trustee to complete for your own records (you don't need to send this to the Charity Commission). Your charity will then know of any potential Conflicts of Interest before they come up. The Register will also give you information about "connected parties" - close family members of trustees – whose details you may eventually have to give to the Charity Commission if they, or trustees, are supplying goods or services to the charity.

It's not good practice for trustees to be closely-related as family members to other trustees. Some older-established charities may have family-related trustees, but the Charity Commission will now ask for explicit detail about how you will manage any Conflicts of Interest, and how you will ensure there is enough of a majority of 'unconflicted' trustees at every meeting. They may refuse Registration if you can't convince them.

You'll need a majority of the trustees to be living in the UK. You can appoint non-UK residents as trustees, but you'll need to ensure they understand they are bound by UK law, not only charity law, when they are acting as trustees. You'll also have to think about how you'll communicate with them and ensure they are fully engaged with all other trustees and your meetings.

All trustees are equally responsible for every other trustee's and the group's actions.

You must have **at least three** people who will become your trustees. As with your community group, you'll have a better Board of trustees and organisation if you have more than three, probably up to eight or nine (you can have more, but it might get unwieldy in making decisions).

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

The more-diverse your Board is, the better: by diversity, yes we do mean age, ethnicity, gender, etc., but we also mean ***diversity of thought***. If everyone thinks the same, we won't have trustees who constructively challenge our decisions and we'll end up with 'groupthink'. And diverse trustees obviously bring diverse experiences and knowledge, bring more 'common sense', a trait much-needed on trustee Boards ☺
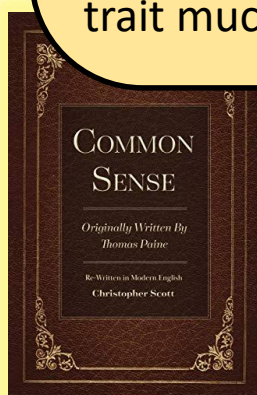
How to diversify your charity's Board

How to recruit young trustees for your Board

How to recruit Black and Asian trustees for your Board

Recruiting trustees for your Board
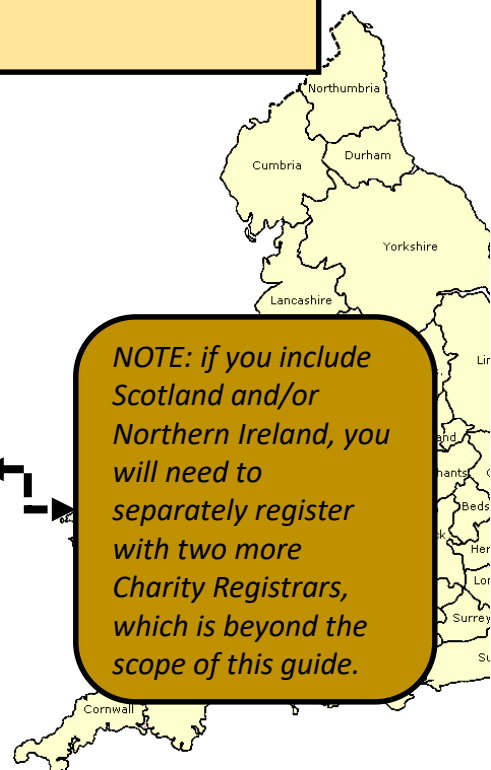
How to become a charity trustee

The process of registration

Once you start the registration process, you will need to give the Charity Commission all the following personal information about each of your trustees, although only your trustees' names are made public. It's worth asking your potential trustees and writing all this down before you start (please keep this information safe, though).

- Full name and title (Ms., Mr., etc.)
- Date of Birth
- Nationality
- Full address, including postcode (you may be asked how long a trustee has lived there, and will have to provide details of previous addresses if requested)
- Contact email and/or phone
- If your trustee is also a trustee of another charity in England & Wales
- Which one of your trustees is the Chair
- The date each trustee was appointed as a Committee member or trustee

Where charities can operate is defined by geography.
You will need to have decided upon your geographical "Area of Benefit", which is defined by Local Authority (Council) areas. You can say "England & Wales" if you have that wider area, otherwise, you'll have to select each Council area one-by –one.

NOTE: if you include Scotland and/or Northern Ireland, you will need to separately register with two more Charity Registrars, which is beyond the scope of this guide.

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

You'll already have a bank account, set up when you were first a community or similar group.
You will need PDF copies of a recent Bank Statement.
You'll need all your bank details: Account name, Bank name, Bank address, Sort Code and Account Number.

If you're using premises to deliver your services or even just as an admin/office base, you'll need details of who owns the property, whether the owners are connected to your organisation and how if they are, and you'll have to explain how you use it (rented/leased/pro-bono, etc.) and how often.

If any of your trustees or any of their family own or live in those premises, you must also explain that connection and costs, provide a PDF copy of the lease or agreement with your charity, the PDF Minutes of the meeting where it was agreed by trustees that this is in the best interest of the organisation, plus an explanation of how joint costs (energy, rent, etc.) are allocated/shared.

If your organisation is intending to buy goods or services from a trustee or any of their family members, you will need to give details of who you pay and their relationship to the trustee, plus PDF Minutes of the meeting explaining why and when your trustees agreed to this.
You'll now see that the Register of Trustees' Interests is a useful record of trustees and family members, if there are connections to your premises, good or services supplied to your organisation.

inTRUSTed

You will need to have outline ideas about how your charity will be funded for the future, although you won't need precise details. The online application will ask questions about:

If you're intending to apply for Gift Aid. We strongly suggest you say "yes", as it gives your charity an additional 25p for every £1 donated by a UK taxpayer, at no cost to you or your donors.
You'll have to [register separately with HMRC](#) for this and that may be easier after successful charity Registration.

You will have to give some details about your Local Authority if you're intending to apply for [charitable Business Rate Relief](#): your answer will very likely be 'yes' if you'll be paying Business Rates for your premises. *Later, you'll need to contact your local Council to apply for that Rate Relief.*

If you're intending to ask for public donations, you'll have to state how you will identify and verify donors, and any conditions they may attach to their donation. You could say you'll ask donors of above a set figure (£10? £50? £100?) for their full details; for Gift Aid purposes, you need such information, anyway.
More information [Know Your Donor](#).

If you're intending to apply for grants, who your likely sources might be.

If you're intending to charge for services or membership, what is offered for those charges, how much you expect will be charged and how trustees have agreed that figure, if it's potentially unaffordable for some people.

If you're intending to ask for corporate donations, and from which companies; if you're intending commercial sponsorship, what the arrangement is and why it's in the charity's best interests.

Less likely at this point, but if you intend to use professional fundraisers, what the arrangement is and why it's in the charity's best interests.

Summary

Charity Registration link   Charity Commission printable guide

	To register online, you will need:
1	A copy of your charity's Constitution, which must be fully completed, legible, and in PDF (It must be a November 2023 version)
2	Date of adoption of your CIO Constitution
3	Your group's contact details, including a postal address, postcode, and the organisational email address
4	All trustees' full personal details *(page 17)*
5	Details of your group's Bank Account *(page 18)*
6	A PDF of your group's recent bank statement
7	Your defined geographical "Area of Benefit", as above, by Local Authority (top-tier: County, Unitary or Metropolitan Borough) *(page 17)*
8	Your detailed answers to how you provide public benefit; how you have evidence that is more than just your, or your beneficiaries', opinion; what proof you have of that; references to proof or weblinks, if possible *(pages 11, 12)*
9	Details of your premises, as above *(page 18)*
10	Answers to questions about trustees or family members' supply of goods or services; PDF copies of Minutes agreeing for trustees doing this *(page 18)*
11	Answers to questions about your future funding *(page 19)*
12	Printed trustee declaration forms, signed by each trustee, scanned as a PDF

The online process doesn't have to be completed in one session; you can save your application for up to 30 days (although it always reopens on page one ☹).

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

That should be enough for the Charity Commission to consider registering your organisation as a charity.

This is **inTRUSTed**'s opinion and we can't guarantee it's enough for the CC

CHARITY COMM
FOR ENGLAND A

What can cause the Charity Commission to more-closely examine your application?
- Concern about your Public Benefit
- Overseas activities
- Relationships with non-charities
- Political activity/campaigning
- Human rights or environmental action

It is not at all unusual for the Charity Commission to come back with questions or to query your application; **don't be put off by that**

You can ask **inTRUSTed** for advice and explanations of those questions, if needed, and although the Charity Commission questions/ feedback may be complex, it's also comprehensive.
You can challenge any of their wrong assumptions, and you should correct anything they request you do, as long as it fits with what your charity wants to do.

If they point-blank refuse your application (they will give precise reasons) you should consider their reasons, discuss those with **inTRUSTed** if you want, make any appropriate changes to your Objects, Constitution or to your Public Benefit statements, and start all over again.

But this is just the beginning ☺

You should hear from the Charity Commission, either with questions or feedback, within 40 days, and if they approve your Registration, within 90 days, most often sooner.

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

Governing and running your charity

Your Board of trustees' meetings will be similar to your previous Committee meetings; your new Constitution will give more precise details and rules, which you must follow. Your Minutes of meetings will continue to be produced, and these are for your own trustees' record (they don't need to go to the Charity Commission; but if things ever go badly wrong ☹, they may want to see these).

Your Annual General Meeting will be similar to your community group's AGM, but will be slightly more-formal, as defined by your new Constitution.

In that Constitution, you will have defined those "terms of office" of trustees, which will be longer than your previous Committee members' (which were probably a single year), most likely three or four years, possibly with some limits on the numbers of consecutive terms of office.

Your Constitution will give more details of that, as these terms, and limits, will have been decided by you when you amended and added to your CIO Constitution before Registration.
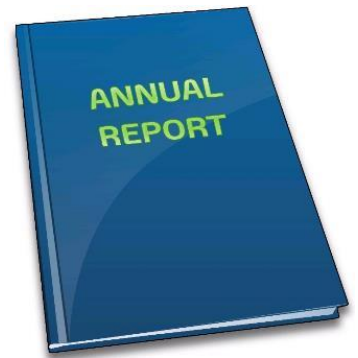
Your charity must produce a Trustees' Annual Report. It is usual that your Chair leads the writing of that report, often in collaboration with other trustees (and employees, if you have these).

Your Report must include, as a minimum, names of all your trustees, a statement about how you deliver Public Benefit and how you manage your financial Reserves; you can include much more (Charity Commission guidance and template Annual Report, if you want those), or ask **involve** Community Services.

Your charity must also produce its Annual Accounts, have these "independently" examined by a financial professional, and that person's written approval added to the Accounts. Some Examiners offer less-expensive or even pro-bono examination of small charities' accounts.
It is usual that your Treasurer works with your Independent Examiner to get your accounts ready for presentation, but all trustees should be kept informed.

You must combine your Trustees' Annual Report and your Annual Accounts into one PDF document, for upload to the Charity Commission.

You must present the Report and Accounts to your AGM (for approval by voting members if you are an Association CIO).

You must then upload it to the Charity Commission website, within 10 months of the end of your financial year. Failure to submit these documents, *even by one day*, is displayed on the Charity Commission public record of your charity for at least five years, which means your beneficiaries and funders can see this ☹

You will also have to complete your Annual Return on the Charity Commission website, which is an online set of questions, including income and expenditure summaries, plus other details about your governance and operations (you will have to complete this *before* you can upload your Annual Report and Accounts).

You may choose to upload your Trustees' Annual Report and Accounts to your own website and use it in your publicity, which is why it may be useful to include more detail of what your charity has done, plans to do, and other information.

inTRUSTed

Ask for a copy of the "governance jargon buster" from **involve** Community Services.

Training for new (and longer-standing) trustees should be one of your priorities.
involve Community Services offer an online trustees' training course (2 x 2hrs using Teams) several times per year.
There are other sources of training for trustees.

You may want to consider financial-knowledge training for trustees, as this is an area where some people's knowledge may be lacking, and ALL trustees are responsible for your finances.

involve Community Services always offer free advice, support and information for your trustees and your whole organisation, both its governance and its operations.

The Essential Trustee
6 main duties

The Essential Trustee is the primary guide from the Charity Commission that all trustees must follow. There's a Quick-read version too. If you haven't looked at either version of this yet, you should!

All trustees should read (or watch the videos) all six Five-Minute Easy-Read Guides on:
Charity purposes and rules
Making decisions at a charity
Managing charity finances
Managing conflicts of interest in a charity
What to send to the Charity Commission and how to get help
Safeguarding for charities and trustees
Campaigning & political activity

inTRUSTed
EFFECTIVE RECRUITMENT & SUPPORT FOR CHARITY TRUSTEES

FREE

You may want to consider the free-to-join Charity Excellence Framework, which provides information and advice about every aspect of charity governance, operation, management and fundraising (and much more).

Your trustees have responsibilities for every aspect of your charity's governance. One of the many important areas is your understanding of trustees' duties about your fundraising.

FREE

It will be worth your trustees looking at the Charity Governance Code once you're more established. This isn't a mandatory standard, and is independent from, but *highly recommended* by, the Charity Commission, that sets a range of questions (and solutions) to trustees about how you govern your charity.

FREE

The day-to-day governing of and running your charity are covered in Charity Commission guidance (from "The Essential Trustee", through to detailed guidance on *every* aspect of your charity).

Don't forget that **involve** Community Services provides
a range of other services for voluntary & community groups,
charities and other not-for-personal-profit organisations

Start-up & growth support for your charity	Training in a wide range of topics & on-demand	Funding advice & support with bids	Volunteer recruitment & support (in Bracknell)	Good governance for your group

reception@involve.community 01344 304 404 intrusted.community

If you find 'external' links, such as to the Charity Commission resources, don't work, please let us know, so we can fix this guide, correct as at December 23. intrusted@involve.community