



Becoming a Charitable Incorporated Organisation (CIO)

A guide to help you take the plunge.



Community First
Yorkshire

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Introduction

This comprehensive step-by-step guide has been written to support you if you have decided to register your charity as a Charitable Incorporated Organisation (CIO) or are pondering the decision of whether to take the plunge. We acknowledge that knowing where to start with this process can be daunting. However, we hope that this guide will give you the confidence to see that applying to become a CIO can be done with relative ease, especially when you have completed the necessary groundwork.



This guide is relevant to groups of different shapes and sizes including: community groups/forums, village hall committees, foodbanks, Community Interest Companies (CICs), social enterprises and any other type of organisation wishing to convert from their existing form to the CIO legal structure. It is also equally relevant to newly formed groups carrying out charitable purposes and wishing to become a legal charitable organisation in law.

We have offered some special notes of advice for village halls and community buildings throughout, so please look out for these if they are relevant.

Your reasons for wanting to register as a CIO may vary; perhaps you are a village hall working with an outdated constitution which no longer meets modern day demands or you may be starting out as an exciting new group on a mission to support your local community and need a legal structure in place to support you with your aims. Read our guide to the many [advantages of becoming a CIO](#), and whatever your reason, we hope this guide will walk you through the process to help you to get your new charity off to the brightest start.

You will see that we have broken the process down into six manageable stages from preparing to embark upon the process, through to submission of your application and what to expect following this. We have offered best practice at each stage and have signposted to relevant tools and resources along the way. Feel free to use the contents list on page two to navigate your way through to stages of relevance, as we know that many of you will be at different stages of the journey.

It is important to point out that our guide doesn't constitute legal advice and we strongly urge you to consult with the Charity Commission's guidance on [how to register your charity](#) for more detailed information on each of the stages we have described.

Step 1: Create a timeline plan

It is important to have a plan in place so that you can work out a realistic timeframe for your organisation to register.

For existing groups wishing to convert:

If you are converting from an existing charity to this new format, it is probably best to plan for approximately a 12 month process taking you from planning to set up. Having a plan also allows you to identify what the steps are that need to be completed and who will need to be involved at each stage of the process.

We have shared an [example plan](#) with you, which could be adapted and used as a guide in terms of the time required to complete each of the stages. Timings can vary due to a range of factors such as delays with Charity Commission response times. From our experience, we have generally found that the process is often quicker when the groundwork has been done in terms of having the supplementary documents needed to register, so please follow advice carefully in steps 2 to 5.

This example plan sets out a realistic timetable for the intensive consultation which is needed with members, funders, staff and others about the principle of conversion. Community First Yorkshire has developed an [information sheet](#) to explain who you need to consult with and what you need to update and record. This is designed to ensure you have a full understanding of the steps you will need to take when converting from your existing structure and will therefore inform the planning process. One of the most important issues to consider at the outset is whether the existing charity has the power to wind up and transfer its assets to a CIO. Read your governing document and check whether there is a dissolution clause; the wind up process must comply with whatever is stated in that clause. It is also important to consider who can make the decision to wind up. In many cases, such decisions cannot be taken purely by the trustees of the existing charity. It may be useful to [chat to us](#) if you come across quirks or potential issues within your governing document.



For newly formed groups wishing to register:

For groups who are starting from scratch, this will be a much quicker and simpler process as you will only need to consult with your fellow committee members and not with existing members or committee members. You may use our [example plan](#) as a guide, however you can disregard the need to consult extensively and wind up an existing charity. We advise you to focus upon the steps set out in this guide, which will walk you through the process you are required to follow.

An additional note for Village Halls and Community Buildings



An existing charity set up by a Trust Deed may have certain obligations imposed on it. If the trustees, the local community or any other stakeholder want to see these obligations preserved in the new CIO, it is possible to merge the existing charity into the new CIO rather than wind it up, and complete a pre-merger vesting declaration that makes clear the obligations on

the original charity will continue to apply to the new CIO. This will be necessary if the property was given as a “permanent endowment¹” to the community.

We will be happy to offer advice on how to overcome potential barriers such as these if we can, so please do [get in touch](#). We would also recommend that you sign up to [Community First Yorkshire’s Village Hall Facebook group](#) where you will be able to talk to others in a similar situation as yourselves and to access lots of other relevant information and support.

Whatever situation you are in, your planning process will inevitably involve ensuring that gaining charity status is possible for your organisation and if [setting up a new charity is the best option](#). LawWorks have developed a short [informative video](#) you could watch to help you determine this, paying particular attention to chapters: ‘deciding on charity status’, ‘definition of a charity’, ‘mixed purposes’ and ‘legal structure’.

You will also need to confirm whether a CIO is the most suitable structure for your new organisation. For help with this, please refer to the Charity Commission’s [how to choose a structure](#).

Once satisfied that the CIO route is the right one, the final decision you will need to make is which type of CIO you will become. Community First Yorkshire has developed a guide to help you decide whether the [Association or Foundation structure](#) is best for you. In essence, an Association CIO will have trustees and a wider membership who are voting members while a Foundation CIO only has trustees as voting members.

You will also crucially need to decide how you will be funded and Community First Yorkshire can offer lots of help and guidance on this topic should you need it, so please do [get in touch](#) or take a look at our [funding pages](#) for further guidance.

Once you are clear on your structure, funding and you have a realistic plan in place, you are ready to take action.



Step 1 Resources:

- [example plan, consult, update, inform](#)
- [information sheet](#)
- [Community First Yorkshire’s Village Hall Facebook group](#)
- [setting up a new charity is the best option](#)
- [LawWorks video](#)
- [how to choose a structure](#)
- [Association or Foundation structure.](#)

Step 2: Define your charity's purpose

To be a charity or CIO, an organisation must have purposes or aims which should be exclusively charitable and for the benefit of the public, or a sector of the public. Your charity's purposes, or objects, are what it is set up to achieve and they are required to help:

- The Charity Commission to decide whether your organisation is a charity
- HM Revenue and Customs to decide if your charity qualifies for tax relief
- Your stakeholders to understand what your charity does; and
- Your trustees to ensure they are running the charity consistently with its purposes.

You might find the 'definition of a charity' and 'mixed purposes' sections of [this short LawWorks video](#) a useful introduction to this topic.

You will doubtless have given much thought to your charity's purpose by this stage, however you will now need to articulate this in a way the Charity Commission recognises. We aim to support you with this task in this chapter.

Firstly, your charity's purpose will need to fall within one or more of the [13 descriptions of purposes](#) listed within the Charities Act. We recommend that you commit to one main aim from this list that most closely matches your organisation, even if you feel there may be several related purposes. The Charity Commission will use this information to decide whether your organisation is a charity and we have found that keeping this as straight forward as you can increases the speed and likelihood of your charity becoming registered as a CIO. If necessary, you can apply to the commission to change your objects at a later date.



Next you will need to write your objects. Please remember that your charity's purposes should make clear what outcomes your charity is set up to achieve, how it will achieve these outcomes, who will benefit and where the benefits extend to. The good news is that you don't need to 're-invent the wheel', the Charity Commission has helpfully developed some [example objects](#) and actively encourages you to use them and not to change them if they accurately express your charity's purpose.

Here is some information [on how to write charitable purposes](#) taken from the Charity Commission, including where to write them in your governing document. Some highlights from this guidance includes:

- understanding that the words you use matter- you can't say that your charity is set up to do anything that isn't charitable
- stating clearly what your charity's purpose is/are- if it's not clear, the commission can't be certain that it's charitable

- Being precise- use plain, simple language and avoid vague or ambiguous wording
- Explaining any terms that may not be generally understood or have more than one meaning

The Charity Commission splits the process down into four steps: what your charity is set up to achieve, how your charity will achieve those outcomes, who the outcomes will benefit and where they extend to and explaining any particular terms used within the purpose. The Charity Commission also includes some template wording you could use as well as terms to avoid.

Community First Yorkshire has also developed an [application form prompt sheet](#) which is designed to focus your thoughts on what it is you do and the benefits of this work. We hope that this will help you to establish your main purpose and to capture your thoughts at this stage, so that you have these recorded for when you complete your online registration form.



Step 2 Resources:

- [LawWorks video](#)
- [13 descriptions of purposes](#)
- [example objects](#)
- [how to write charitable purposes](#)
- [application form prompt sheet](#)

Step 3: Identify your trustees

As you will no doubt be aware, charity trustees are the people who are responsible for the strategic direction, general control and management of the charity's resources. They are sometimes referred to as committee members, governors or directors within the charity's governing document. They are often volunteers and are giving their time up for free as these are unpaid positions.

Not only do trustees play an essential role in the governance of the charity, they can also serve as a positive means of communication with communities your CIO will serve. It is important, therefore, that you select an effective trustee board to ensure your charity is successful moving forwards in its new identity as a CIO.

If you are a well-established group or charity, your trustees will often be existing members of your organisation who are happy to take on the role of trustee within your new CIO structure. This can work well as these individuals will usually have a strong personal commitment to the charity's aims and objectives and are already firmly invested within it. The Charity Commission advises that you consider a minimum number of three trustees and the good practice norm is for there to be between three and 12 depending on the nature and scale of your organisation. The three key trustee roles are usually Chair, Treasurer and Secretary.

In order to ensure that your trustees have the desired range of skills, knowledge and experience required to successfully govern your new organisation and get it off the ground, you may wish to conduct a skills audit. Even if you feel you have a sufficiently





skilled board to get started, you will have the opportunity to look to increase the number and diversity of trustees once you have registered. This audit will therefore be useful in understanding the attributes you are hoping to develop within your board in the future when you are in a stronger position to attract new ones. There is a wealth of useful information available to support you with recruiting new trustees including the Government's [finding new trustees](#) and Community First Yorkshire's step-by-step [guide to recruiting new trustees](#). We also provide regular training sessions for trustees on relevant topics such as 'Being the Best Trustee', 'Roles and Responsibilities of Trustees', 'Essential Charity Finance for Trustees' and 'Safeguarding Responsibilities for Trustees'. Please take a look at [our website](#) for details and if you are unable to find any suitable training events listed, please do [get in touch](#) and we'll support you however we can.

Once you have identified who your trustees will be, it is important that they understand the commitment involved in taking on these duties both in terms of time and responsibility. We would strongly recommend that prospective new trustees read '[The essential trustee](#)' to find details of these responsibilities and liabilities. You will also need to check that there are no legal or other barriers to your trustees being officially appointed. Potential trustees will need to understand that checks will need to be performed on them to ensure that they have not been disqualified from acting as trustees and will need to read and sign the [trustee declaration form](#) to declare that they are eligible. This form will need to be uploaded as part of your online application so please follow the guidance on how it should be completed and note that the Charity Commission cannot accept electronic signatures. You will need to consider [conflicts of interest](#) and whether a [DBS check](#) is required. Our [DBS checking service](#) can help if checks are needed.

One further way of ensuring that prospective trustees understand what they are signing up for, is to ask them to complete an application form. In asking them to complete this, it will allow them to focus upon and document their motivation for taking on the role, skills they have to equip them in carrying it out, and it is also a good place to record contact details. Within this application process, you should detail the eligibility criteria set out on the declaration form, which will allow trustees the early opportunity to withdraw from the process if they don't feel they meet this criteria. This will save difficulties you may otherwise encounter when you reach the final stage of completing the Charity Commission application form on line.

If your charity works with vulnerable groups including children, you'll need to confirm that you've read the [Charity Commission's guidance](#) on protecting vulnerable groups, sign a declaration that the trustees have carried out all necessary checks required by law and ensure you have robust safeguarding policies in place. [North Yorkshire Safeguarding Adults Board](#) and [North Yorkshire Safeguarding Children Partnership](#) offer lots of practise guidance and resources you may find useful in order to support you with this.

Once trustees have been appointed, there are various steps needed to formalise the appointment. It is worth taking a look at the Charity Commission's [guidance on finding new trustees](#) once you have successfully registered as a CIO to ensure that the necessary checks have been completed on trustees. All trustees will need to be named on the relevant clause in the new CIO constitution and it will also need to reflect important details such as whether there is a minimum and maximum number of trustees, how they are appointed and how long they can stay in office. You will be asked about this information when you complete the registration form.



Step 3 Resources:

- [Finding new trustees](#)
- [Community First Yorkshire's step-by-step guide to recruiting new trustees](#)
- [The Essential Trustee, trustee declaration form, conflicts of interest, DBS check](#)
- [Charity Commission's guidance on protecting vulnerable groups](#)
- [North Yorkshire Safeguarding Adults Board](#)
- [North Yorkshire Safeguarding Children Partnership](#)
- [guidance on finding new trustees](#)

Step 4: Choose a name

As your charity or organisation is likely to be close to your heart, you may have already got a name in mind or may have been using an established name prior to registering as a CIO. If not, now is the time to give this some thought. There are just a few checks you need to do before you adopt a name in the hope of making it official.

Many organisations will choose to use their current name and include 'CIO' as part of it to signify their legal charity status. There are many advantages of continuing to use a name that people are familiar with within your existing community and networks, however there are a few things to be cautious of too.

Do:

- Choose a unique name that people will remember
- Check the names of registered charities for words you want to use by searching the [register of charities](#). We recommend you also search the internet to check other charities and organisations.



Don't:

- Choose a name that is the same or similar to another charity
- Use words that you do not have permission to use, such as trademarks or famous names
- Use any offensive language
- Be misleading
- Break intellectual property rules

In order to register as a CIO, you need Companies House to approve the use of certain words in your name. Please read [Companies House' guidance on sensitive words](#).

Although selecting a name may seem like a simple decision to make, it is important that you get this right because failure to do so may cause your application to be rejected. Please have a read through the Charity Commission's guidance on [how to choose a charity name](#) for more detailed information including working or alternative charity names and words you need permission to use.

Finally, [this short video from LawWorks](#) has a useful section on 'choosing a name', including the importance of considering acronyms.

We hope you have fun selecting your new charity name!

**Step 5 Resources:**

- [register of charities](#)
- [Companies House guidance on sensitive words](#)
- [how to choose a charity name](#)
- [LawWorks video on choosing a charity name](#)

Step 5: Create a governing document

Your charity's governing document or constitution is one of the supplementary pieces of evidence you'll need to include when you submit your online application to the Charity Commission. We acknowledge that this step could feel quite intimidating. However, be reassured that already having a clear idea of your charitable purpose will really support you in creating it and you will not be required to write this from scratch; there are model governing documents available and recommended for use by the Charity Commission and we have included information about these within this chapter.

Before you set about creating your governing document, it is important to understand what it is and what it aims to achieve, as well as a few of the key terms referenced within it. Your governing document is a legal document and it should set out:

- your charitable purposes ('objects')
- what it can do to carry out its purposes ('powers')
- who runs it ('trustees') and who can be a member
- how meetings will be held and how trustees will be appointed
- any other rules about paying trustees, investments and holding land
- whether the trustees can change the governing document, including its charitable objects ('amendment provisions')
- how to close the charity ('dissolution provisions')



In short, your governing document will tell you how to run your charity and it is therefore vital that all trustees have a copy of it which they regularly refer to. If you are an existing registered charity or an unincorporated group wanting to convert to CIO status, you will need to create a new governing document for your new entity. This can be a useful opportunity to strengthen your charitable purpose and powers.

Now that you understand what your governing document is and what it should be used for, you will need to create your own. As previously mentioned, the good news is that the Charity Commission has helpfully produced a set of [model governing documents](#) which will support you with this. Just a note that if you are preparing a governing document for a branch, there are also approved templates for certain umbrella organisations to use; please contact your umbrella organisation for a copy of their CIO template. We recommend that you select the right governing document for your charity type and use this as a template to create your own, as this will strongly improve your chances of successfully registering as a CIO.

You will notice that for CIOs, there are 'association' or 'foundation' constitutions so you will need to choose the right constitution for your structure (see Step 1 for details). You will need to select which CIO governing document you are using when you attach it to your online application.

Ensure that you complete the appropriate template in full, removing all square brackets that highlight your options, and don't forget to sign and date it where required.

An additional note for Village Halls and Community Buildings

Action with Communities in Rural England (ACRE) works with the [Charity Commission](#) to ensure that its model documents for village halls are up to date and meet the Charity Commission's standards for registration. The most recent model being the Constitution for a Charitable Incorporated Organisation (CIO). Community First Yorkshire can provide advice and guidance on land and property issues, supported by internal guidance and a suite of Information Sheets for village hall committees. Please note that a Charity Commission approved model constitution specifically for village halls and community buildings is available from Community First Yorkshire, as we work closely with ACRE as a member, so if you require this, please [get in touch](#). We would also recommend that you sign up to [Community First Yorkshire's Village Hall Facebook group](#) where you will be able to access lots of relevant information and support.



Step 5 Resources:

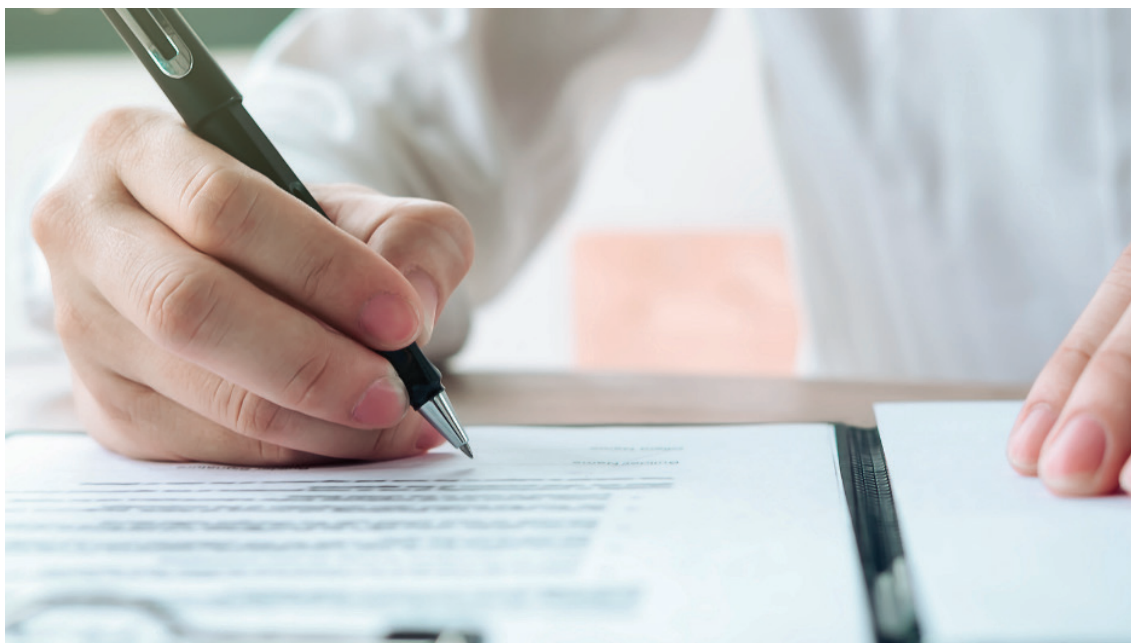
- [model governing documents](#)
- [Community First Yorkshire's Village Hall Facebook group](#)

Step 6: Complete and submit the charity application form

You have now reached the exciting stage of submitting your application online to register your CIO. Having put in the ground work, you should find that this is a relatively simple process to complete. You may wish to update the [application form prompt sheet](#) at this stage to ensure that you have all the information you will need to hand. The Charity Commission has produced a useful document containing information about all the [questions you'll be asked](#), which will ensure that when you come to complete the application form online there should be no surprises. This document also provides details of the pdf documents you will need to upload alongside your application. In brief these are: a copy of your charity's governing document which has been signed or witnessed as necessary, and the signed trustee declaration form.

Some questions will be asked about the anticipated income of the CIO and the expected sources of funding. This is when the group should give their best estimate of the CIOs income in its first full year and the anticipated sources of income. Some questions in this section must be left empty or zero entered. The answer to 'year to date income' will be zero since the CIO does not yet exist, and likewise it cannot have a bank account at this stage, and there will be no accounts to attach (even if its intended that the CIO will take over the bank account of a former charity, at the time of the application the account is in the name of the former charity, not the CIO).

In addition, Community First Yorkshire have prepared some [top tips when completing the online charity registration](#) to support you with what to expect in terms of some of the practicalities of completing the form. In addition, chapters 'Applying to register' 1–4 of



[this video by LawWorks](#) also provides some useful tips in terms of the interactive nature of the online application form.

When you are ready, you will need to use the Charity Commission's '[Apply to register a charity](#)' service. We recommend that you watch this [video](#) on the Charity Commission's '[how to apply to register your charity](#)' page which explains the process of completing the application form in more detail.

As you complete the application form, you will have the opportunity to save your answers as you are going along and also to export a pdf version of the document at any time. This can be useful if you wish to share this with your fellow trustees or if you would like Community First Yorkshire to review your answers prior to submission. Please [get in touch](#) if this service is of interest to you.

Once you have submitted your application form, you will get an automated email to confirm your application has been received. A copy will be emailed to the applicant, charity contact and each of the trustees. The Charity Commission will use the information you provide to decide whether your origination is set up as a CIO, if it should register and if it should monitor after registration. If you wish, you can read in detail about [how charity registration decisions are made](#).

The Charity Commission often experiences high volumes of applications so it is advisable to ensure you fully answer the questions and use the model governing documents available to avoid delays. In general, it can take between three and six months to receive a response. The commission will assess your application and appoint a named case officer who will engage with the main contact on the submitted application form until a decision to accept your registration is made.

What happens following your submission?

The Charity Commission may respond in one of the following ways:

- Your application may be returned- if it is unclear or incomplete. Please consult the guidance on [how charity registration decisions are made](#) for further information.
- The Charity Commission may seek to clarify certain points and you are usually given two weeks to answer their queries. Please [get in touch](#) with us if you are unsure on how to provide the clarification they seek.
- Your application may come back to say you are registered as a CIO or may come back to register you on condition that the trustees take certain actions. Please refer to the guidance on [making a decision to register](#) detailed information regarding what happens next if your application is successful.
- Your application may be rejected on the grounds that you are not a charity – in the unfortunate event that your application is unsuccessful, the commission will confirm to you in writing the reasons why your application was rejected. At that point you can either reapply, providing you have addressed the reasons for rejection, ask the commission to review its decisions to reject your application or appeal to the charity tribunal. In our experience the latter is seldom required as the Charity Commission is usually really forthcoming with regards to providing information on applications they deem to be non-charitable and in setting out the reasons why and what needs to change.

It is worth bearing in mind that your CIO will only legally exist at the point at which your application is approved and registered by the Charity Commission. Once you have received the 'green light' from the commission, you can start carrying out your constitution's charitable purposes. The date your organisation is registered becomes the start date of the governing document.

The commission will write to you with what you need to do next, however here is an overview of what you will need to do over the coming weeks and months:

- Following the first registered meeting of the CIO, trustees should assume their new roles.
- You will need to finalise the transfer agreement between the old charity and the CIO (or pre-merger vesting declaration) if applicable.
- You should formally notify all parties that the transfer is proceeding.
- You will need to open up new bank accounts for the CIO if this is needed.
- You should ensure that all contracts are re-established with the CIO.
- Marketing materials should be refreshed to show the details of the CIO, including written promotional materials, websites and email addresses.
- Trustees of the old charity should hold a final meeting to approve the last set of accounts and file with the Charity Commission.

Once the new CIO is established, if you already had an existing charity, it's assets, contracts and accounts will now need to be transferred to the new CIO and the old charity will be wound up according to the terms of its own governing document. Please consult the Charity Commission website for details on [how to transfer charity assets](#). If you have significant assets, such as a building or land, or you employ staff, we strongly recommend you employ the services of a solicitor conversant with Charity Law. Community First Yorkshire can supply a list of such solicitors in the region, but cannot recommend one over another. If you require this information, please [get in touch](#).

Please note: if the old charity is likely to receive future legacies, you may decide to record the old charity on the Charity Mergers Register. We recommend you [contact us](#) for additional support.

If you haven't done so already, don't forget to register with [HM Revenue and Customs](#) for tax relief.



Step 5 Resources:

- [application form prompt sheet](#)
- [questions you'll be asked, top tips when completing the online charity registration](#)
- ['How to apply' video by LawWorks](#)
- [Charity Commission 'Apply to register a charity', how charity registration decisions are made](#)
- [how to transfer charity assets](#)
- [HM Revenue and Customs](#)

Additional support

Community First Yorkshire can help you with many aspects of registering your organisation as a CIO. Please do get in touch if you would like help specifically on checking over your current constitution, providing templates to help with your specific needs and checking your application prior to submission. For further information as to how Community First Yorkshire can support your organisation, please check out our [case study](#) about the input we provided to a pre-school and community centre through their journey to successful registration.

We can also support you once you are registered with developing your organisation on a wide range of topics including developing your business plan, gaining funding, developing a network of volunteers and accessing relevant training.

Please take a look at our [Community Support North Yorkshire website](#) for more information or fill in an [enquiry form](#) and we'll get back to you.

You can sign up for our news bulletins [here](#):

- Our monthly Funding Bulletin lists updated funding opportunities.
- Our weekly newsletter has information about the charity sector, including training.

Useful sources and credits

[Charity Commission registration | LawWorks](#)

[How to register a charity](#)

[Government guidelines on how to set up a charity](#)

[Community First Yorkshire's Village Hall Facebook group](#)



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