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Charitable Incorporated Organisations

A Charitable Incorporated Organisation, or CIO, is a new legal structure for a charity. A CIO:

- is an incorporated form of charity which is not a company;
- only has to register with the Charity Commission and not Companies House;
- is only created once it is registered by the Commission;
- can enter into contracts in its own right with its trustees normally having limited or no liability for the debts of the CIO.

Types of Governing Document

The Charities Act requires all CIOs to have both members and trustees. At present, however, there are 2 different types of model governing documents for CIOs:

Foundation Model Constitution – this allows for a CIO in which the members and trustees are the same people.

Association Model Constitution – this is for a CIO where there is, or is expected to be, a body of members wider than the trustees.

The basic provisions in both models are the same, and a foundation model constitution can be amended to incorporate the provisions of an association model constitution. Likewise, an association model constitution can be amended to enable a charity to cease having a membership wider than the trustees.

The Charities Act requires a CIO's constitution to be in the form set out by the Charity Commission, i.e. adopting one of the model constitutions, or "as near to that form as the circumstances allow". Some flexibility is built into the models, but it may at this stage prove difficult to tailor the models to the specific needs of individual organisations.

Changing your legal framework

- Brand new charities can set up a CIO.
- An existing unincorporated charity can incorporate and become a CIO.*
- A company limited by guarantee can convert to a CIO.*
- A community interest company (CIC) can convert to a CIO.*

*To help the Charity Commission manage demand, a phased implementation timetable is currently in place for organisations looking to convert from an existing structure.

Any charity that wants to become a CIO must register with the Charity Commission, irrespective of its current annual level of income. (At present, the Charity Commission only registers charities with an annual income under £5,000 in exceptional circumstances. Charities with an annual income over £10,000 must register with the Charity Commission with charities having an income of between £5,000 and £10,000 free to choose whether or not they register.)

Process for setting up a CIO

If you are starting a new organisation from scratch, the process for setting up a CIO is fairly straightforward – it simply involves choosing and completing one of the Charity Commission's model constitutions in line with the guidance notes provided, and applying online to register the CIO.

If, on the other hand, you are an existing unincorporated charity that wants to become a CIO, the process is slightly more complicated but is similar to the process involved in converting to a charitable company. So an unincorporated charity would set up a CIO, register it with the Charity Commission, transfer the unincorporated charity's assets and undertakings to the CIO and settle any liabilities, dissolve the unincorporated charity in accordance with the provisions in its governing document (constitution, trust deed etc.), and then apply to the Charity Commission to have the unincorporated charity removed from the register of charities.

Is the CIO model the right way forward for you?

If your answer to all of the following questions is yes, it's likely that the CIO model may well be the best way forward for your organisation.

- ☐ Do you own property, employ staff, enter into contracts or have long-term financial commitments?
- ☐ Are you able to wait a number of weeks or longer to set up and register with the Charity Commission?
- ☐ Are you happy to register with the Charity Commission even if your income is unlikely to exceed £10,000 per year?
- ☐ Are you happy to use the Charity Commission's model objectives and stick closely to the model constitutions that they provide?
- ☐ Would you prefer not to have your organisation's register of members open to the public?
- ☐ Are you happy to hold an AGM?
- ☐ Would you like the chair of trustees to have a casting vote?
- ☐ Would to like to have trustees under the age of 18?

More information about CIOs is available on the FAQs section of the Charity Commission's website at **http://www.charity-commission.gov.uk/FAQS/Registering_a_charity/default.aspx**

Other Factsheets in the 'Introduction to…' Series:

An Introduction to Legal Structures & Charitable Status
An Introduction to Writing your Constitution
An Introduction to Social Enterprise
An Introduction to Community Interest Companies
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