



Becoming a CIO

A guide to becoming a Charitable Incorporated Association related specifically to Men's Sheds and including guidance from the Charity Commission.

Becoming a CIO

Contents

General information on Charitable Incorporated Organisations	2
Membership and Governance	3
How to register as a CIO.....	3
Deciding to become a CIO	4
Guidance for Men's Sheds from the Charity Commission.....	5
Are Men's Sheds Charitable?.....	5
The regulation of Men's Sheds which are charities	5
The purposes of a charity	6
For the Public benefit.....	6
Troubleshooting.....	7
Applying to become a CIO	10
Glossary of Terms	12
Further Reading.....	12

Becoming a CIO

General information on Charitable Incorporated Organisations

A Charitable Incorporated Organisation, or CIO, is a type of charity in England and Wales. A CIO is incorporated – hence its name - meaning that the law recognises it as its own separate legal entity.

A CIO can enter into contracts and purchase property in its own name and the trustees of a CIO have limited liability. This type of charity is relatively easy to set up, and free too. These are many of the reasons that lots of Men's Sheds have decided to become CIOs.

If you haven't already, we recommend you read our Legal Structures guide as a first step in determining whether a CIO is the right type of organisation for your particular Shed.

An easy reference guide of their structure is below:

Table 1 Features of a CIO

Incorporation	<ul style="list-style-type: none"> - Able to enter into contracts in its own name - Able to own property - Can sue and be sued in its own name, rather than that of its trustees
Limited liability	<ul style="list-style-type: none"> - Trustees are personally protected from claims against them, provided they act appropriately.
Regulatory body	<ul style="list-style-type: none"> - Charities Commission
Governing document	<ul style="list-style-type: none"> - Constitution
Governance	<ul style="list-style-type: none"> - Provided by charity Trustees
Accounting	<ul style="list-style-type: none"> - A simple set of accounts must be submitted to the Charity Commission on an annual basis.

Becoming a CIO

Membership and Governance

The structure of CIOs is split into two levels: Trustees and members. In most cases, it is the CIO's members that elect Trustees, who then become responsible for the charity's governance. Details of how the Trustees govern the charity are set out in their constitution – the governing document. This document also sets out what constitutes a member e.g. a natural person. Any change to the constitution always requires approval from the CIOs members – usually at its Annual General Meeting, or another meeting called for this purpose i.e. an Extraordinary General Meeting. The constitution should outline the process for becoming a member and if there is any criteria for becoming a member e.g. approval by the charity's Trustees. Though Sheds should be as inclusive as is possible, within their charitable purpose.

Membership of a CIO is different to other membership organisations and companies, in that all members must “seek to advance the purposes of the CIO” (Charities Act, 2011). In other charitable organisations, this duty applies solely to its Trustees.

Every member of the CIO is entitled to a vote at member meetings. However, the CIO can also develop an informal, non-voting membership if it so wishes. This would technically not actually be a membership of the CIO, but such subscriptions are usually referred to as memberships nonetheless.

How to register as a CIO

To form a CIO, you must register with the Charity Commission. Once this has successfully been done, the organisation becomes a formal, registered charity, as well as a corporate body (hence the incorporated bit).

The people that file the documents to register the new CIO become the charity's Trustees and are named as the first Trustees of the charity in the constitution. They are now responsible for the governance of the charity.

To become a CIO, the proposed activities must be exclusively charitable. If the Charity Commission don't agree that the activities you are proposing are charitable and solely for public benefit, your charity will not exist until it can prove this. It won't simply exist as an unregistered charity, it will have no identity at all. CIO or back to the drawing board!

Becoming a CIO

Luckily, your application stays as a draft until it's accepted, so it's fairly easy to keep going back to it until it is accepted.

Deciding to become a CIO

Most Sheds will have established themselves as an unincorporated association, sometimes without even knowing it. A constitution, bank account, officers and members is all that's required; the officers (Chair, Treasurer, and Secretary) have personal liability for what the association does, meaning their personal assets are at risk. This means if anyone chose to make a claim against the association they would be personally liable.

Becoming a CIO is one way of protecting your organisation against these risks. Becoming a charity can also help to secure funding and increase positive public perception of your activities, sometimes attracting additional support in turn. A CIO isn't the only option though, so do your research, but most Sheds to date have gone down this route when deciding to become a charity.

Before embarking on the task of becoming a CIO, your Shed should have reached a state of maturity and its management committee and members should feel equipped to undertake the task. Although registering a CIO is fairly simple when compared to other legal structures, it's still quite a task; the biggest being the constitution, and it will take a few committed Sheddors to develop this. You also need to secure Trustees to act for the new charity, and commit to the rigour of its operation and administration.

A newly formed Shed may not be able to meet these demands right away and you should weigh this up with the risks of remaining unincorporated as the Shed develops.

Prior to starting the process of becoming a CIO, commitment must be sought from the Shed's management committee and likely the members too, depending on your constitution, to close your unincorporated association and register as a CIO. This is generally done through an AGM or EGM.

You'll need to agree what happens to any assets held by the current organisation e.g. donating them to the CIO. If the association has any debts, liabilities or funding agreements, they should be settled or transferred with the approval of those involved.

Becoming a CIO

Guidance for Men's Sheds from the Charity Commission

The following information has been produced in collaboration with the Charity Commission to further help Men's Sheds understand and navigate the process of registering their Shed as a CIO. It provides simple answers to a range of frequently asked questions.

Are Men's Sheds Charitable?

Men's Sheds may take a variety of forms and some of these will be built on exclusively charitable activities, and therefore the Sheds may be established as charities.

The Charities Act says that a 'charity' is an institution which is:

- established for charitable purposes only, and
- subject to the control of the High Court's charity law jurisdiction.

To be a 'charitable purpose' (as defined in the Charities Act) it must:

- fall within the descriptions of purposes in the Charities Act, and
- be for the public benefit – the 'public benefit requirement.'

The public benefit requirement applies to each of an organisation's purposes. A charity cannot have some purposes that are for the public benefit and some that are not. There is further guidance from the Charity Commission [here](#).

The Charity Commission has seen a number of applications to register Men's Sheds as charities. In cases where the organisation shows a clear charitable purpose and its operation is for the public benefit including being directed to the public at large rather than simply to a narrow membership, for example, it has been registered as a charity.

The regulation of Men's Sheds which are charities

The Charity Commission registers and regulates charities in England and Wales. If a Men's Shed is established in England, and wants to become a Charitable Incorporated Organisation (CIO), it must register with the Charity Commission.

Becoming a CIO

If a Men's Shed applies to the Charity Commission to register as a CIO (or other type of charity) the application and supporting material will be the basis for the registration decision. Once registered, a Men's Shed will need to continue to operate as a charity and fulfil the reporting requirements. Further guidance on these requirements can be found in the Commission's Guidance on Charitable Purposes and Public Benefit Guides [here](#).

The purposes of a charity

The objects clause in the governing document of a charity must express exclusively charitable purpose(s). The Charity Commission's published 'Guidance on Charitable Purposes', available from the Commission's website gives more information about charitable purposes [here](#).

A charity cannot have some purposes that are for the public benefit and some that are not. The work of a charity may only further the charitable purposes set out in its governing document. If a Men's Shed is to be a charity it may only work to further its charitable purposes and it must limit the scope of its operation to advancing those purposes.

When you come to putting together your objects clause for your new CIO constitution, you can read through lots of examples in our document, Example Objects for Charitable Causes, available in the [Resource Library](#) on our website.

For the Public benefit

As you'll now understand, a charity must have purposes which are for the public benefit. The idea of doing something which will entirely benefit people is what the public benefit rule is all about. A charity bases its existence on benefitting people. A substantial part of the consideration for registering your Men's Shed as a CIO (or other type of charity) should be demonstrating that your activities are benefitting the widest pool of people possible, appropriate to your activities and the reasons behind them.

The Charity Commission provides further information about 'beneficial purposes' from part 3 of the Charity Commission's publication: 'Public benefit: the public benefit

Becoming a CIO

requirement' (PB1), available [here](#).

The online form to apply to register a Men's Shed charity includes a number of questions which applicants must answer in full and which give the opportunity to explain how the purpose(s) and operation of a Men's Shed demonstrate all the elements of public benefit. Where a sufficient explanation is not supplied in the registration application the Charity Commission may ask for further information and this will delay their consideration of your application.

In your application form you will need to provide responses which are full enough to enable the Charity Commission to assess whether or not your purpose is for the public benefit and that your Men's Shed will operate for the public benefit. You should only provide information which is relevant to the questions being asked.

Troubleshooting

From Men's Shed applications that the Charity Commission has seen there are some key areas where applicants typically don't provide sufficient information:

A - What do Men's Sheds do?

In considering applications to register Men's Sheds as charities, the Charity Commission needs applicants to provide *full details* of how the Shed achieves its purposes. Tell them:

- ▣ what you are doing
- ▣ exactly how you do it
- ▣ how this furthers exclusively charitable purposes and which charitable purpose/s (from the 13 charitable purposes listed [here](#))
- ▣ how this meets the various requirements of public benefit

B - Who benefits?

The name and operation of Men's Sheds indicate that they are directed to helping men. The Equality Act 2010 makes it unlawful to discriminate against anyone because of a 'protected characteristic' (which includes age and sex) in a wide range of areas including employment and the provision of services. There are some exceptions to this, including

Becoming a CIO

the Charities' Exception.

The Charities' Exception allows a charity to limit its benefits to people who share a protected characteristic. By default, this may exclude people with other protected characteristics. It is allowed if both of the following apply:

- the charity's governing document only allows people who share a protected characteristic to benefit
- the restriction can be justified using either of the tests described in the Commission's Equality Act Guidance [here](#).

Where a Men's Shed registering as a CIO uses a charitable object which specifically refers to men, the trustees will need to demonstrate that the restriction is justified in:

- tackling disadvantage; or
- in achieving some other legitimate aim

C - Potentially misleading names

Most Men's Sheds will have the word "men" or "men's" in their name. Where the main intended beneficiaries of the organisation are men this is unlikely to be considered misleading. However, where the activities benefit the public in general i.e. both men and women the name may then be considered misleading.

The Charity Commission's policy on charity names explains this in more detail in particular in sections B8 to B11 and specifically B9.4. It can be found [here](#).

In circumstances where this issue may arise, the applicant should explain why they wish to use the term "men" or "men's" in the organisation's name and how it fits with this guidance.

D - Trading

Lots of applications from Men's Sheds to register CIOs with the Charity Commission refer to selling of products made within the Shed. It may be that this will be a minor part of the

Becoming a CIO

operation of the Men's Shed charity, but if your Shed will be selling goods or services you will need to know how charities may lawfully trade. You will need to explain in detail in your application, how the organisation will trade.

To help you understand this, the Charity Commission have produced helpful guidance; Charity trading: selling goods and services, which can be found [here](#). You can read the related document, Trustees trading and tax, [here](#).

We have put together a quick reference guide, Charities and Trading to help you refresh your mind and understand the other considerations for trading in your charity. You can find it in our [Resource Library](#).

E - Detriment and harm

The 'benefit aspect' of public benefit

To satisfy this aspect:

- a purpose must be beneficial - this must be in a way that is identifiable and capable of being proved by evidence where necessary and which is not based on personal views
- any detriment or harm that results from the purpose (to people, property or the environment) must not outweigh the benefit – this must also be based on evidence and not on personal views

In considering the benefit aspect of 'public benefit' the Charity Commission has to balance the benefit of activities with any potential or actual detriment or harm.

For Men's Sheds this might include how your organisation identifies and manages risks associated with the operation of power tools or machinery, or in working with people with specific needs.

You will need to tell the commission what detriment or harm could occur from your purpose, how you carry it out and what steps you have taken to address these e.g. risk

Becoming a CIO

management procedures and safeguarding. You can find examples and templates of some helpful documents to assist you in managing risks in our [Resource Library](#).

Applying to become a CIO

The process of applying to become a CIO is handled entirely through the Charity Commission website [here](#).

The following five steps form the process of becoming a CIO:

- Find your initial Trustees – you'll need at least three to fill the officer roles (Chair, Treasurer and Secretary) and these are often the existing people on your management committee.
- Make sure the charity's purposes are exclusively charitable for the public benefit. These are determined by charitable purposes as set out in the Charities Act 2011. We've given some guidance in the following pages of this document. The Charity Commission will reject your application if your objects don't comply and you'll need to revise it before submitting it again. We've given some help below and there's plenty of help on the Charity Commission site too.
- Choose a name for your charity, if you haven't already. This will likely be your Shed name, but if you have ambitions to start more Sheds in your area, or open your services up to wider purposes, you may wish to change it to become a charity.
- Write your constitution (the governing document). This is the most time consuming part of the process. We find the best approach is to read over constitutions of existing charities (including Sheds) to get a feel for what they include, then start writing your own with the help of the Charity Commission's model constitutions that can be found on their guidance page [here](#).
- Now all that's left to do is register.

To do so, you **must** tell the Commission about:

- Your purpose or purposes.
- How the purposes are carried out for the public benefit – including, where appropriate, information relating to any of the issues highlighted above; and the benefits of the Men's Shed services you provide.

Becoming a CIO

- Your trustees.

You **must** include with your application:

- A governing document suitable for a charity and containing exclusively charitable objects for the public benefit. A properly completed Charity Commission model governing document meets this requirement. This can be found [here](#) and we have made examples of constitutions from successfully registered Men's Sheds available to download in our [Resource Library](#).
- A statement set out in the application form confirming that the trustees have considered this guidance document and the linked public guidance.
- Proof of income e.g. evidence of how the new CIO will be funded so that it will be able to operate to further its charitable purposes for the public benefit.
- A Trustee Declaration signed by all the Trustees which includes confirmation that suitable eligibility checks and safeguarding checks required by law have been undertaken. Remember to fill in the organisation's name as it appears in your governing document.
- The requirements for registration set out in the Charity Commission's published guidance.

You may, where applicable, also need to include with your application:

- a copy of your lease or any agreement you have for use of premises.

All of the required documents must be attached to your application as PDF files.

Timescales for application decisions are published on the application pages of the Charity Commission website. Applications which deviate from the scope set out in these guidelines may take longer to consider.

Becoming a CIO

Glossary of Terms

Charitable Objects – the purpose of a charity, determined as charitable by law in England and Wales.

CIO (Charitable Incorporated Organisation) – a type of charity in England and Wales, created by the Charities Act 2006.

Charity Commission – the regulator for charities in England and Wales.

Constitution – the governing document of a charity or organisation. This is similar to a Trust Deed for a Trust, Memorandum and Articles of Association for a company, and Rules for Co-operatives.

Limited Liability – the condition that limits a person's liability within an organisation to a nominal amount.

Public benefit – the requirement of obtaining charity status that means activities must be exclusively for the benefit of the public.

Unincorporated organisation – a type of organisation that is not incorporated (its Trustees / members do not have limited liability).

Further Reading

- Various related documents in our [Resource Library](#)
- [Example Charitable Objects](#)
- [Charity Trustees](#)
- [Example CIO Constitution](#)