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## **Starting Up: Charity types - How to write a charity's governing document**

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### **1. Charity rules: governing documents**

Your charity's governing document is a legal document. It works as a rulebook, setting out:

- its charitable purposes ('objects')
- what it can do to carry out its purposes ('powers'), such as borrowing money
- who runs it ('trustees') and who can be a member
- how meetings will be held and trustees appointed
- any 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')

As a trustee, you must have a copy of your charity's governing document. Refer to it regularly because it tells you how to run your charity. For example:

- how many trustees are needed to make decisions, how to recruit them and how to run trustee meetings
  - how to look after your charity's money, land, property or investments and keep accounts
  - how to resolve internal disputes
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## 2. How to write your governing document

Use one of the Charity Commission's model governing documents, either:

- as a template (recommended) – this makes it easier to register your charity
- as a reference – to see what a governing document looks like and what it must contain

Start by choosing the right governing document for your charity type:

- constitution (for unincorporated associations)
- charitable incorporated organisation (CIO) foundation or association constitution (for CIOs) - see below
- memorandum and articles of association (for charitable companies)
- trust deed or will (for trusts)

If you use a model governing document, complete the template in full. Select all of the options that apply to your charity, and sign and date it where required.

If you're setting up a charity associated with a national organisation, it may have its own governing document template you should use. You must use that template in full without changing or adding to it. Alternatively, ask your national organisation if you can use one of the commission's model governing documents instead.

### a. Choose the right CIO structure

If you are setting up a new CIO make sure you choose the right constitution for your structure. If:

- the only members of the CIO will be the trustees, you should use the foundation constitution
- your CIO will have a wider membership, including voting members other than the trustees, you should choose the association constitution

If you are an existing charity wishing to convert to a CIO structure, choose the CIO model constitution which best matches your original charity.

#### **Use the association model if your original unincorporated charity:**

- has a constitution as its governing document
- has a wider membership which votes on important decisions, such as electing trustees or committee members

#### **Use the foundation model if your original charity:**

- is governed by a trust deed, will, scheme or conveyance
- is run solely by its trustees
- doesn't have a voting membership

Complete the appropriate CIO constitution template as your new CIO's governing document. Once the trustees agree the constitution, register your new CIO with the commission.

If in the future you decide that the other CIO constitution better suits your charity, you can amend your constitution to make the changes.

#### **b. What governing documents need to contain**

Only write your own governing document if there isn't a template that's right for your charity. If you apply to register your charity, the commission will expect your governing document to contain certain sections ('provisions' or 'clauses'):

<b>Section</b>	<b>What it needs to contain</b>
Name	Your charity's name and (in the case of a trust or an unincorporated association) power to amend the name
Objects	What your charity is set up to achieve (its purposes must all be charitable for the public benefit)
Powers	What the trustees can do to carry out its purposes (for example, raising funds, buying and selling property, borrowing money, working with other organisations)
Charity Trustees	How many trustees there are, who can be a trustee, how they are appointed, how long they can hold office and if they can be reappointed
Charity Meetings and Voting	How many meetings are needed, how they are arranged, how a chair is appointed, how votes are made and counted (including minimum numbers for this)
Membership (If applicable)	Who can be a member, age restrictions, ending someone's membership, how membership meetings are called
Financial	How the charity meets its legal accounting requirements, who controls the bank account, who can sign cheques and if two signatures are needed, other internal financial controls
Trustee benefit	How trustees must not benefit from the charity (excluding reasonable expenses) without commission approval or unless it is authorised in the governing document
Amendments (If applicable)	How the trustees can change the charity's governing document, when commission approval is needed, how amendments are recorded
Dissolution	When the charity can be closed, what happens to any remaining assets (charitable assets can only be used for charitable purposes)

Depending on your charity, it could also say:

- how land or property will be held and managed

- when investments can be made, including ethical investments
- how disputes will be managed between the charity and its members, trustees and beneficiaries

Take professional advice if you need it from a solicitor or an organisation which advises charities.

Make sure the provisions in your charity's governing document fit with how it needs to operate to carry out its wholly charitable purposes. The commission will check this carefully if you apply to register.

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### **3. How to write your charity's purposes ('objects')**

Your charity's governing document must set out its charitable purposes; what it is set up to achieve. Write this section clearly to explain this:

- to new trustees, donors or people your charity helps
- when you decide on things it will do to carry out its purpose
- if you apply to register your charity

Legal requirement: you must run your charity in a way that's consistent with and supports its purposes - and only those purposes.

#### **a. Charitable purposes: the law**

To be a charity in England and Wales, everything it is set up to achieve must be charitable. This means each of its purposes must:

- fall within one or more 'descriptions of charitable purposes'
- be for the public benefit

Your charity can have more than one purpose but it can't have any purposes that aren't charitable.

#### **b. Structure: what to include in purposes**

When writing your purposes, be clear about:

- what the outcomes of your charity's work will be
- where these outcomes will happen
- how it will achieve these outcomes
- who will benefit from these outcomes

For example:

*For the public benefit, the relief and assistance of people in need (what) in any part of the world (where) who are the victims of war or natural disaster, trouble, or catastrophe (who) in particular by the supply of medical aid (how).*

Be precise and use simple language – don't use vague or ambiguous words. Explain any technical terms you use, 'socially excluded' for example. Be specific about what your charity is set up to do, but don't restrict it. Take legal advice if you need it.

Only include purposes your charity will carry out immediately or in the near future - you can always add more later. List things the trustees can do to help the charity carry out its purposes ('powers') separately.

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#### **4. How to start using your governing document**

For all the four main types of charity, all the trustees should meet to:

- discuss and agree the draft governing document
- agree to start using the governing document
- sign and date a typed copy of the governing document (all trustees must do this)
- record that this was agreed in the minutes of the meeting

In addition, for a charitable company, you start using its articles of association by registering the company with Companies House to get a 'certificate of incorporation'.

For a CIO, you start using its constitution by registering the CIO with the commission – once it's registered, your CIO is set up and can start carrying out its charitable purposes. The date of the governing document is the date of registration.

For a charitable trust, at least one independent person must witness the trustees' signatures (including names and addresses) in the trust deed. The trust deed is then said to be 'executed'.

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#### **5. How to change your charity's governing document**

Your charity's purposes, or the way it carries out its purposes, may change over time. Always change your governing document if it stops your charity carrying out its purposes.

For more information, read [How to change your governing document](#).