Guidance On Registering as a Charitable incorporated organisation (CIO)

The following guidance is based on Zero Carbon Guildford's experience in applying to the Charity Commission (CC).

CRITICAL ADVICE

1. Try to involve **local sector-support charities (e.g. local CVS)** early on. They will have knowledge on the CC's Charity Registration process. This happened partly by good fortune for us, but the advice of 2 local CVS representatives made our application process *much* easier.
2. Write a solid **business plan**. A clear plan can pre-empt the CC's follow up questions, cutting the number of responses needed and speeding up the process.
3. Support your application with a **cash flow** document. A financial plan will show the CC that your main objectives are not income based, and demonstrate that you have carefully considered the long term viability of the charity.
4. Here's the relevant guidance: Set up a charity - GOV.UK (www.gov.uk)

THE PROCESS

- Takes 2-3 months from date of submission for the CC to accept your application - although, currently (late 2020, early 2021) we understand the CC are only accepting applications from those setting up Covid-19 related charities!
- The constitution is complicated. This took us a few weeks to go through and edit the 'model' constitution, that the CC supplies (model documents).
- You do not need premises, nor a bank account to register as a CIO (so start asap).
- After completing the application, you will likely receive follow up questions. You need to answer these succinctly, *without* opening more questions. Think about what they are *actually* asking in each question, related to your 'public benefit' and 'charitable objects' - the main things the CC are looking for you to 'prove' in your answers. Make sure you don't miss any second part to a question in your answer (easily done).
- If after 2 rounds of questions you fail to satisfy the CC that you meet charity status criteria you may be rejected, and need to start from scratch. So, it's important to make sure you get it right the 1st time!

ALTERNATIVES

There are 2 alternative options you can set up in about 48 hrs.

- **Community Interest Company (CIC)**
- **Not-for-profit Company Limited by guarantee with no shares**

You can run the CC process concurrently with either of these. To decide which is best:

- Check if your council offers business rate discounts to CIO/CIC/No-for-profits.(the reason we went the CIO route is the council said they only grant business rate relief to charities)
- Consider your ambitions for multiple buildings (a CIO would be the route for this).
- Consider where your funding will come from - if a significant portion of your funding comes from retail you probably won't qualify as a CIO.

- You need to be able to demonstrate that you can implement various procedural policies, but most importantly that you can meet your charitable objects.

WRITING A CONSTITUTION (or 'governing document')
- A CIC / not-for-profit will require a far more basic constitution than a CIO
- There is a CC guidance doc for writing a constitution
- Here is an editable guide constitution. It's view only so that the original stays in tact for everyone. Copy & paste it into a new google doc. Anything in square brackets should be removed for the final version. (Association = voting members, Foundation = only trustees vote. The former disperses 'power' better)

KEY PARTS OF THE APPLICATION

Objects
- Must satisfy **WHAT** will your CIO do, **HOW** will it do it, **WHO** for, and **WHERE**
- Using one of the CC's examples verbatim is recommended to avoid delays. But for climate projects there are no examples, it's *'based on each CIO's merits'.*
- However, if you search 'climate change' on the CC website you can browse through other climate related CIO's objects.

Trustees
- Need minimum 3 (Chair, Treasurer (finance officer), Secretary).
- Useful to pick trustees for certain skills, capacity, enthusiasm, commitment.
- Pick from a wide range of groups to ensure representation of your community demographics within your trustee group.

Voting
- You'll need to decide on a voting structure, check the CC guidance for options, ensure that trustees are more of a conduit for member's voices than 'power holders'.

Terms
- Decide on trustee length of term that balances consistency with avoiding a concentration of power Eg. terms of 1-2 yrs, stand down after 1 or 2 terms, can't stand again for min. time requirement, etc.
- Your first set of trustees will be 'co-opted' - meaning that they aren't actually elected. They will likely be the people in your core group. They will hold that role until your first AGM (required by charity law), at which point they can step down or stand for election.

Supplemental Documents
- Business Plan - this should elaborate on how you will achieve your 'OBJECTS'. We've provided ours as a framework. **Please do not share further.**
- Your filing with the CC should be as watertight as possible to avoid delays, so make sure your business plan is crafted to bolster your charity application.
- Cashflow - helps to support your long term plans & show responsible modelling.
- Donations Policy - not required, but helpful for the section dealing with income.
- Safeguarding - if you're working with kids & vulnerable adults (optional at this stage), you can just confirm all trustees have read the CC's safeguarding guidance.

- Review and then review again to ensure that every doc matches the plans in every other doc.

FOLLOW UP QUESTIONS (FUQs)

6-12 weeks after submitting your application you will receive follow up questions. It's critical to handle this part of the process well. As discussed, a good business plan & cashflow submitted with the original application will sidestep a huge number of questions;

- Answer questions concisely, but in detail. Provide as much information as possible to avoid additional questions.
- However, do not respond in a way in which your answer generates more questions than it resolves!
- You do not need to document exactly how you will select or monitor processes, but you must demonstrate that you have a good plan to deal with this.
- Similarly, you do not need to provide finished policies, but it's crucial to demonstrate you understand the law, and the CC rules as a trustee and as a CIO.
- Ensure that all your responses highlight your knowledge, experience, and clear decision-making: particularly regarding anything which goes into the public domain.

POLITICAL ENGAGEMENT

- This is an important section, and can be confusing. You are not prevented, as a charity, from engaging in political campaigning, but it **must not** be your primary objective.
- Your CIO can, therefore, engage in political activity in campaigning, as long as it remains balanced and does not support any particular political party. You can support specific policies / campaigns etc without giving any explicit support to a party.
- CC9 is the relevant section. You should consider a short section in your business plan which demonstrates, in your own words, how your CEC will meet these guidelines. You should state:
  - You will not put any party political information or campaigning into the public realm.
  - You remain politically neutral and unaffiliated to any political party.
  - That any campaigning aligns closely with your charitable objectives.
  - That trustees have read & understood CC9, and that they'll stay up to date with the latest amendments in law and CC9.
  - Give examples of what campaigning you would support (eg. 30 by 30, local car free day, Woodland Carbon Guarantee Scheme, etc).

LEARNINGS FROM ZCG (What else to include in a business plan)

- Several of our FUQs involved the type, selection, & monitoring of the strategies we will implement for emissions reductions plans. You could include a paragraph on this in your Business Plan to avoid detailed questions.
- You should lay out that you will not favour or support any particular business or provider (eg., renewables providers), but will present an array of competitive options for any service or provider that you push.
- Reputability & planning is key: how will you ensure the information you disseminate, talks you host, etc., are factual? Have you taken tax advice? Have the trustees considered the risks of any trading done by the CIO? Explain this in your application docs to save yourself tons of FUQs.