Starting a Charity

What You Need to Know
1. What are my aims and objectives?

Before doing anything else you need to carefully consider what your aims and objectives are, i.e. what will the purpose of the organisation be? Your organisation might have more than one purpose but, if you want to register as a charity, they all need to be ‘charitable’, as defined by law. It is important to be clear on your organisation’s purpose from the outset because: it determines whether your organisation can be called a charity and whether it is eligible for tax relief; being clear on your purpose will explain to key stakeholders what your organisation does and who it benefits; and, a charity can only do things that carry out its purposes.

For more information see...
Information from Charities Evaluation Services on setting clear aims and objectives: www.ces-vol.org.uk/about-performance-improvement/about-monitoring-evaluation/planning-for-monitoring-evaluation/aims/index

2. Do I need to set up a charity?

Once you’ve thought carefully about your aims and what you are trying to achieve, you need to consider the following questions:

Q. Are my aims definitely ‘charitable’?
The purpose and aim of your charity must be ‘charitable’ as defined by law. A charity cannot have a mixture of charitable and non-charitable aims. Your ‘Charitable Purposes’ must fall into one (or more) of the following categories:

- The prevention or relief of poverty
- The advancement of education
- The advancement of religion
- The advancement of health or the saving of lives
- The advancement of citizenship or community development
- The advancement of the arts, culture, heritage or science
- The advancement of amateur sport
- The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity
- The advancement of environmental protection or improvement
- The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage
- The advancement of animal welfare
- The promotion of the efficiency of the armed forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services
- Any other purposes currently recognised as charitable and any new charitable purposes which are similar to another charitable purpose

Q. Is a charity the right format for what I’m trying to achieve?
Charities exist to benefit the public. Consequently, they are restricted in how they work and what they can do. Amongst other things, your charity will have to follow charity law, be run by trustees who can’t be paid and cannot benefit from the work of the charity, and must be independent.

There are lots of alternatives to setting up a charity which you may want to consider. There may be a pre-existing charity whose aims are similar to your own who you may be able to work with/volunteer for. You could also consider setting up a ‘named fund’, in partnership with a pre-existing charity. This is a good idea if you want to raise funds for a one-off event such as an earthquake. You may also want to consider setting up a ‘non-charitable social enterprise’, there is more information about this option later in the handbook.

For more information see...
Advice from The Charity Commission about things to think about before setting up a charity: https://apps.charitycommission.gov.uk/Start_up_a_charity/think.aspx

3. How should I structure my charity?

Once you are clear on the purpose of your organisation and you’ve decided that a charity is the best format to meet your goals, you need to consider how you will structure your charity. There are four main types of charity structure, and you need to think carefully about which structure will work best for you organisation as this has a wider impact on how it will operate.
For example the charity structure can determine: who will run it, how it will operate and the liability level of the trustees.

There are four main types of charity structure:

- **Charitable incorporated organisation (CIO)** of which there are a further two types: association CIO and foundation CIO. A CIO is an incorporated form of a charity which is not a company. It does not have to register with Companies House and is only created once it is registered with the Charities Commission.

- **Charitable company (limited by guarantee)**. This type of structure is both a company and a charity, meaning it has a legal identity, so it can enter into contracts and borrow money, and trustees have limited liability if the charity is sued or incurs debts. Trustees act as directors of the company.

- **Unincorporated association**. This is an organisation set up through an agreement between a group of people who come together for a reason other than to make a profit, e.g. a voluntary group or a sports club. You don’t need to register this organisation, and it doesn’t cost anything to set one up.

- **Trust**. Charitable Trusts have charitable purposes and have certain tax exemptions.

For more information see…
Advice from the government about different types of charity structures: [www.gov.uk/setting-up-charity/structures](http://www.gov.uk/setting-up-charity/structures)
Advice from The Charity Commission about different types of charity structures: [www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/charity-types-how-to-choose-a-structure-cc22a](http://www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/charity-types-how-to-choose-a-structure-cc22a)

4. **How do I write a ‘Governing Document’?**

A ‘governing document’ creates the charity and gives details about how it will be run. This should include information like, its name, its purpose, what it can do, who runs it, how meetings will be held, details of the trustees and any rules relating to them (including how they can be appointed) and details on how to close the charity. This is a legal document so it is important that it is done correctly; thankfully there is a lot of advice out there about how to write a ‘governing document’.

For more information see…
Advice from The Charity Commission on how to write a ‘Governing Document’: [www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/how-to-write-your-governing-document-cc22b](http://www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/how-to-write-your-governing-document-cc22b)

5. **What should I call my charity?**

Choosing the right name for your charity is more important than you might think. It’s your brand; and might determine whether people want to support you, either as a volunteer or by making a donation. The trustees are responsible for naming the charity. The Charity Commission can make you change the name of your charity (and any costs involved in
doing so will need to be met by you). As such, you should do your research to make sure your name cannot be seen as misleading or offensive in any way and to make sure that it won’t lead to confusion e.g. if it is already being used by another charity or prominent organisation.

**For more information see…**
This advice from The Charity Commission on choosing a name for your charity:
http://www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/how-to-choose-a-charity-name/
Aside from the formalities of choosing a name for your charity, you may want to take a look at this blog which gives advice about choosing a great name for your charity:
www.thegoodagency.co.uk/what%E2%80%99s-name/

**5. What is a Trustee?**

Every charity must have a governing body. The people who sit on this might be known by a variety of names e.g. Trustees or Directors, but their duties and responsibilities are essentially the same. The Trustees make decisions about how to run a charity once it has been set up. They need to work together to ensure that the charity is financially sound, well-run and is that its activities are working towards its charitable purpose (aims and objectives). It’s important to stress that trustees are there to guide and advise the charity, not do the work of the charity for it.

You should aim to recruit trustees to get the right mix of skills and experience that your governing body needs. For example, you may want to look for people who have skills such as finance and fundraising, have community contacts, or understand the needs of those who your charity is trying to help. Your governing document should dictate how many trustees you can have.

**For more information see…**
This guidance from The Charity Commission on how a Trustee Board operates:
www.charitycommission.gov.uk/trustees-staff-and-volunteers/trustee-board
To find trustees for your charity, try The Small Charities Coalition ‘Trustee Finder’:
www.smallcharities.org.uk/trustee-finder or use ‘Trustee Works’:
www.reachskills.org.uk/trusteeworks

**6. How do I fund my charity?**

You should start fundraising for your charity once it is set up. You should make sure you are clear about the aims of your charity and shouldn’t mislead anyone about the status of your charity (e.g. whether it is registered with the Charity Commission). Once your income is above a certain level you will need to register with the Charity Commission, and ensure that your funds are accounted for properly and held securely and safely.

**For more information see…**
This advice from the Charity Commission on Fundraising:
www.charitycommission.gov.uk/start-up-a-charity/as-your-charity-grows/funding-your-charity-work and this advice on fundraising before your charity is registered:
7. How do I register my charity?

Once the annual income of your organisation has exceeded £5,000, you will need to register with the Charity Commission. As part of the process of registering with the Charity Commission you will need to provide information about your organisation. This will include information about your organisation's purposes, how it is run for public benefit, and proof that the annual income is above £5,000. They will also ask for more general information about the organisation such as its name and address, its bank details, the trustees and their contact details, and a copy of your governing document.

Once you have successfully registered your organisation as a charity with The Charity Commission you will be able to register your organisation with HMRC for tax purposes.

For more information see...
This guidance from The Charity Commission on how to register with them: www.charitycommission.gov.uk/start-up-a-charity/registering-your-charity/how-to-register-your-charity-cc21b
This advice from HMRC about registering your charity with them for tax purposes: www.hmrc.gov.uk/charities/tax/recognition.htm

8. What is a Social Enterprise?

A Social Enterprise is different to a charity, although you may hear the term being used interchangeably. Social enterprises are business with a community ethos. Rather than passing their profits onto shareholders they reinvest their profits back into their business or the local community.

Social Enterprises:

- Have a clear social mission
- Generate the majority of their income through trade
- Reinvest the majority of their profits (either in the business or the community)
- Are independent of the state
- Are controlled in the interests of the social mission
- Are accountable and transparent

The main way in which a Social Enterprise is different to a charity is that it makes the majority of its income through trade rather than donations or fundraising.

For more information see...
This definition from Social Enterprise UK: http://www.socialenterprise.org.uk/about/about-social-enterprise
Useful Links

Advice from the government about setting up a charity: [www.gov.uk/setting-up-charity](http://www.gov.uk/setting-up-charity)

Advice from The Charity Commission about setting up a charity: [www.charitycommission.gov.uk/start-up-a-charity](http://www.charitycommission.gov.uk/start-up-a-charity)

Advice from the Small Charities Coalition about setting up a charity: [www.charitycommission.gov.uk/start-up-a-charity](http://www.charitycommission.gov.uk/start-up-a-charity)

Advice from The Charity Commission for small charities: [https://apps.charitycommission.gov.uk/Start_up_a_charity/Do_I_need_to_register/Resources_for_very_small_charities.aspx](https://apps.charitycommission.gov.uk/Start_up_a_charity/Do_I_need_to_register/Resources_for_very_small_charities.aspx)


Basic advice from KnowHowNonProfit on setting up a charity: [http://knowhownonprofit.org/basics/setting-up-a-charity](http://knowhownonprofit.org/basics/setting-up-a-charity)

A glossary from KnowHowNonProfit on the key terms you need to know when setting up a charity: [www.knowhownonprofit.org/basics/setting-up-a-charity/glossary](http://www.knowhownonprofit.org/basics/setting-up-a-charity/glossary)

Guidance from the Government on setting up a Social Enterprise: [www.gov.uk/set-up-a-social-enterprise](http://www.gov.uk/set-up-a-social-enterprise)

Organisations

**Charities Evaluation Services** - Website: [www.ces-vol.org.uk](http://www.ces-vol.org.uk)
This organisation provides support on assessing impact and helps charities to meet their aims and objectives in the most efficient way. They offer lots of free online resources as well as subsidised training courses for smaller charities.

**Charity Expert** - Website: [www.charityexpert.net](http://www.charityexpert.net)
This company provides advice and guidance on setting up a charity, however, it does charge for its services.

**Do-it** - Website: [www.do-it.org.uk](http://www.do-it.org.uk)
A national database of volunteering opportunities in the UK. The way in which you can advertise opportunities on this website varies depending on whether your opportunities are local or national.

**Esmée Fairbairn Foundation** - Website: [www.esmeefairbairn.org.uk](http://www.esmeefairbairn.org.uk)
This organisation funds the charitable work of organisations across the UK, in particular those working in the fields of the arts, education and learning, the environment and social change.

**Inspire2Enterprise** - Website: [http://inspire2enterprise.org/](http://inspire2enterprise.org/)
A joint-venture between the University of Northampton and Exemplas. Provides free social enterprise support, information and advice.

**Know How Non-Profit** - Website: [knowhownonprofit.org](http://knowhownonprofit.org)
This is a subsidiary of NCVO which allows those who work in non-profit organisations to share best practice and skills. They have an online E-Learning Study Zone, including a module on setting up a charity but this has a small cost attached.

**NCVO (The National Council for Voluntary Organisations)** - Website: [www.ncvo.org.uk](http://www.ncvo.org.uk)
This charity seeks to help voluntary organisations and volunteers make the biggest difference they can by providing practical support and training.

**School for Social Entrepreneurs** - Website: [www.the-sse.org](http://www.the-sse.org)
Offer training and support programmes to Social Entrepreneurs with centres across the UK. There is a charge for the training courses that they offer.

**Social Enterprise UK** - Website: [www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)
Social Enterprise UK are the national body for Social Enterprise. They help build networks, carry out research, lobby on behalf of the sector and raise its profile.

**The Charity Commission** - Website: [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)
This is the main organisation that you will need to work with and seek advice from if you are considering setting up a charity. The Charity Commission is a part of the Civil Service and the vast majority of their resources and services are freely available on their website.
Organisations (cont.)

The Foundation for Social Improvement - Website: www.thefsi.org
This charity provides support to other charities including training, mentoring, and conferences. Its goal is to unlock the potential of small charities through training and support services.

The Henry Smith Charity - Website: www.henrysmithcharity.org.uk
This charity provides financial support to initiatives and projects that address social inequality and economic disadvantage.

The Institute of Fundraising - Website: www.institute-of-fundraising.org.uk/home
This charity provides support, advice and networking opportunities to those who work in fundraising.

The Small Charities Coalition - Website: www.smallcharities.org.uk/home
The Small Charities Coalition is a network and support organisation for small charities, and is also itself a charity. Its range of services include: free advice, affordable training events and a trustee recruitment service.

Trustee Works - Website: www.reachskills.org.uk/trusteeworks
Trustee Works provides a free Trustee Matching Service for organisations with a turnover under £1 million per annum.

UCL Advances - Website: www.ucl.ac.uk/advances
An off-shoot of UCL Enterprise. This office is there to help UCL staff and students learn about the fundamentals of business and entrepreneurship, as well as helping them to start and grow their businesses. Although they don't specialise in Social Entrepreneurship, they may be able to give advice on the principles and practicalities of starting a business.

UK Community Foundations - Website: www.ukcommunityfoundations.org
This is the umbrella body for all UK Community Foundations, which themselves offer support to local community organisations and charities. Details of the London Community Foundation can be found below.

UnLtd. - Website: https://unltd.org.uk/
Offers support to Social Entrepreneurs and provides a network for them. This organisation provides advice, guidance and awards to organisations at various stages of development.

Volunteering England - Website: www.volunteering.org.uk
Part of NCVO, this organisation will be useful once your charity is more established and you start looking for volunteers to help with your work and programmes. You can recruit volunteers via your local Volunteer Centre e.g. ‘Volunteer Centre Camden’, of which there is one in the vast majority of boroughs. You can also recruit student volunteers via your local university. Volunteering England also gives advice and guidance on Volunteer Management and best practice.
Local Organisations

**Voluntary Action Camden** - Website: [www.vac.org.uk](http://www.vac.org.uk)

If you are considering setting up an organisation with charitable aims in Camden, then Voluntary Action Camden may be able to offer support and guidance. They offer a huge range of support services for organisations at various stages and will do an initial assessment to see what help and support you need.

**Volunteer Centre Camden** - Website: [www.volunteercentrecamden.org.uk](http://www.volunteercentrecamden.org.uk)
This is the Camden Volunteer Centre, the vast majority of boroughs and counties have their own dedicated Volunteer Centres which you can find through Volunteering England. Volunteer Centre Camden advertises opportunities but also offers a lot of support to organisations in terms of volunteer management support, training and trustee recruitment.

**The London Community Foundation** - Website: [www.londoncf.org.uk](http://www.londoncf.org.uk)
This organisation offers (mainly financial) support to organisations and community groups that are dedicated to improving the lives of London’s most disadvantaged.

Created and compiled August 2014. Information correct at time of writing.