Charitable Status

A charity is an organisation which must exist for the public’s benefit and fall within the descriptions of purposes in the Charities Act. Tower Ravens fits the purpose of ‘the advancement of the arts, culture, heritage or science’.

Charitable status can be beneficial for groups which rely on fundraising. Charities are legally defined as for the public good and widely regarded benefitting society and being trustworthy organisations. It is also possible to claim gift aid on donations from private individuals who pay tax in the UK. This can encourage donations from the public. Charitable status can also serve as a form of protection for a group’s assets as they can only be used for charitable benefit and never for private gain. Importantly for DART fundraising charitable status can also be beneficial for grant applications with some funds only available for charitable objectives.

Why we need to be a charity

* Some grant applications require us to be a charity

Benefits of being a charity:

* Could register with HMRC to claim gift aid
* Discount on hall hire (C# £700 or £580 if charity)

Implications:

* Need to amend (well kinda re-write) the constitution. This needs to be agreed on and adopted at an EGM. Would need to vote first on whether we should become a charity
* Need to hold EGM (see bullet 1) (2 week notice to call one)
* Need to inform bank of change to status
* Report accounts to charity commission annually. If income >£10,000 some additional questions to be answered.

Constitution

* Need to rewrite our aims to be framed in charitable way
* Identify charity to which our assets go if dissolved – probably have to be EFDSS as not found anything else suitable (useful example for things like charitable aims <http://apps.charitycommission.gov.uk/Showcharity/RegisterOfCharities/CharityWithPartB.aspx?RegisteredCharityNumber=305999&SubsidiaryNumber=0>)
* Application easier if use the charitable commission template. Can use own but may need to provide additional info on why not used theirs
* Guidance on writing it here: <https://www.gov.uk/guidance/how-to-write-your-charitys-governing-document>

Charitable Unincorporated Status

* Membership organisation
* an organisation set up through an agreement between a group of people who come together for a reason other than to make a profit (for example, a voluntary group or a sports club)
* Controlled by a management committee, has a constitution (which we have), regulated by the charity commission, no limited liability, no profit distribution, Charitable status if purposes are solely charitable.
* Constitution must have aims which are exclusively charitable - so would need to review this.
* register if gross annual income exceeds £5000
* many unincorporated associations primarily benefit their own members and are therefore not considered to be charitable

There is also an option to be a community benefit society -  management committee, governed by rules, regulated by the FCA, has limited liability, no profit distribution, can have a charitable status. Charitable status again only applicable if our aims are exclusively charitable and we have a statutory asset lock specifying that any assets would be transferred to another charity if we wound up. I suspect this is not the best option for us though. <https://www.resourcecentre.org.uk/information/legal-structures-for-community-and-voluntary-groups/#society>

Application process:

* Prove income > £5000 per year (which it is)
* 30 days to process (the constitution template suggests 15 days)
* Copy of the constitution
* Trustee declaration (committee members to sign) <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/820778/Trustee_Declaration__Form.pdf>
* Also need to provide following info:
  + How our purposes are for public benefit
  + What we do to achieve our purposes
  + Where we operate
  + Contact details
  + Any benefits the trustees will receive
  + Action taken to ensure meet safeguarding requirements if work with children or vulnerable adults

Setting up a charity – gov.uk checklist:

1. Check if setting up a charity is right for us and check eligible
   1. Charitable purposes
      1. Arts, culture, heritage: “the preservation of historical traditions such as carnivals, country/folk dancing societies, Scottish country dancing and highland dancing societies, eisteddfords, folk clubs, etc.”
   2. Charities Act:
      1. Charity is established for charitable purposes – only (must not have some that are and some that aren’t)
      2. Subject to control of High Court’s charity law jurisdiction
   3. Public benefit
      1. Benefit the public in general or a sufficient section of the public
2. Find trustees
   1. Minimum of three unconnected trustees
   2. Act in best interests of charity; act reasonably and responsible in all charity matters; only use income and property for purposes set out in governing doc;
   3. Make decisions in line with good practice and governing doc, including excluding any trustee with a conflict of interest from discussions or decision making on the matter
3. Find out how to choose a charity structure and choose a name, decide and write charity’s purpose
   1. Unincorporated association fits us best
   2. Purposes – make clear outcomes set up to achieve; how will achieve; who will benefit; where benefits extend to
   3. Could have a mission statement setting out core values
4. Create governing document (constitution)
   1. Probably easiest to use the template, and rejig our relevant sections into it
5. Make sure meet the ‘public benefit requirement’
   1. Must be identifiable and capable of being proceed by evidence where necessary
6. Register charity
   1. Income > £5,000 so needs to be registered
   2. Additionally can register with HMRC to get tax returns on things like gift aid

Other

Info for trustees: <https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3/the-essential-trustee-what-you-need-to-know-what-you-need-to-do>

<https://www.gov.uk/guidance/public-benefit-rules-for-charities>