



CabinetOffice
Office of the **Third Sector**

Charities Act 2006: Content

Charities Act - History

- 1996: The “Deakin” Report
- 2001-02: “Private Action: Public Benefit” – review by the Prime Minister’s Strategy Unit
- 2004: Draft Charities Bill published, scrutinised and introduced
- 2005: Charities Bill falls but is re-introduced
- 2006: Charities Bill is passed becoming the Charities Act 2006



The Government's objectives

- to modernise charity law and status to provide greater clarity and stronger emphasis on the delivery of public benefit
- To improve the range of legal forms enabling organisations to become more effective and entrepreneurial
- To develop greater accountability and transparency to build public trust and confidence
- To ensure independent, fair and proportionate regulation.



What is a charity?

- New list of charitable purposes
- All existing charitable purposes preserved
- Flexibility to develop new purposes in the future
- No presumption of public benefit
- Charity Commission to publish guidance on public benefit
- Ongoing public benefit checks



The Charity Commission

- Established as a corporate body
- Separate chair and chief executive roles
- Remains a non-Ministerial Department
- No powers of direction or control by Ministers
- Membership increased from five to nine
- New statutory objectives, functions and duties
- Annual public meetings
- The Charity Tribunal



The Charity Commission: new powers

- Greater flexibility to apply cy-pres rules
- Powers to resolve membership disputes
- powers to protect property in the event of mismanagement or misconduct
- Powers of search and seizure



Registration of charities

- Threshold for registration increased from £1,000 to £5,000 income
- Voluntary registration where income below £5,000
- Excepted charities: registration where income above £100,000
- Exempt charities: regulation by principal regulator or registration (where income above £100,000)



The charitable incorporated organisation (CIO)

- New legal form available exclusively to charities
- Avoids the need for dual registration
- Simpler, cheaper, less bureaucratic
- Special procedure for existing charitable companies to convert



Less Red Tape

- Power to amend purposes and governing documents without prior Commission approval
- Power to modernise administrative procedures
- Provisions to facilitate mergers
- Transfer of property
- Spending from endowment funds
- Mortgaging charity property for a loan or grant



Trustees

- The Act retains the central principle that trusteeship is unpaid **but**
- Trustees may be paid for non-trustee work in some circumstances
- Trustees may seek relief from personal liability from the Commission as well as the courts
- Power to buy trustee indemnity insurance



Fundraising

- Tighter rules for professional fundraisers
- Reserve power for statutory regulation
- New arrangements for the certification of public charitable collections

