



1. Home (<https://www.gov.uk/>)
2. Trustee role and board (<https://www.gov.uk/topic/running-charity/trustee-role-board>)

Guidance

Charity purposes and rules

Find out about the rules you must follow to govern your charity.

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From:

The Charity Commission (<https://www.gov.uk/government/organisations/charity-commission>)

Applies to:

Wales and England (see guidance for Scotland (<https://www.oscr.org.uk/guidance-and-forms/being-a-charity-in-scotland/the-charity-test/>) and Northern Ireland (<https://www.charitycommissionni.org.uk/charity-essentials/running-your-charity-guidance/>))

Contents

- Use your charity's governing document
- Focus on your charity's purposes
- Public benefit
- What else your governing document says
- The law

[Print this page](#)

As a trustee, you must run your charity in a way that complies with your charity's governing document and the law.

This includes making sure your charity achieves its purposes.

Every trustee is responsible for this. Even if certain tasks are done by individual trustees, employees or volunteers, all trustees are responsible.

Use your charity's governing document

This is your starting point.

Every charity has a governing document. It contains:

- your charity's aims or purposes (often referred to as its 'objects')
- rules for how it must operate

Make sure you have the latest version. Use it when making your plans and decisions.

Use the register of charities (<https://register-of-charities.charitycommission.gov.uk/>) to check what your charity's governing document is. It's usually a constitution, trust deed or memorandum and articles of association.

Focus on your charity's purposes

You must deliver only your charity's purposes. Your charity's funds can only be spent on supporting the delivery of these purposes.

Read the governing document. Make sure you understand:

- what your charity is set up to achieve (its purposes)
- who your charity is there to benefit (its beneficiaries)
- what your charity can or cannot do to carry out its purposes (its powers)

Checking that your charity is furthering its purposes is something you will do all the time as a trustee.

For example, whenever you:

- set your budget for the year
- agree new projects or services
- think about how to use the charity's property

Drifting into activities that your charity is not set up to do

This can happen if you do not focus on your charity's purposes. For example, where the charity:

- wants to deliver a new service, but trustees have not checked that this new work fits the charity's purposes
- has applied for a grant, which must be spent on activities that do not match the charity's purposes

Using charity funds or resources on other purposes is very serious. Trustees may have to repay the charity from their own money.

Keep your charity's purposes under review to ensure that they properly reflect what the charity does.

Public benefit

Public benefit (<https://www.gov.uk/guidance/public-benefit-rules-for-charities>) is what makes charities different from other organisations.

It is about providing a clear benefit for a wide enough section of the public when delivering your charity's purposes.

You must run your charity for the public benefit. This means taking into account the Commission's public benefit guidance on running a charity (<https://www.gov.uk/government/publications/public-benefit-running-a-charity-pb2>).

This explains how, when making decisions as trustees, you should:

- be clear about who should benefit from your charity and what these benefits are

- make sure that any private benefits to individuals or organisations are necessary, incidental and in the interests of the charity
- manage any risk of harm to beneficiaries and the public (<https://www.gov.uk/guidance/safeguarding-duties-for-charity-trustees>) that might arise from your charity's work

You must report on public benefit every year in your charity's annual report: see our guidance on what to report (<https://www.gov.uk/government/publications/public-benefit-reporting-pb3/public-benefit-reporting>).

What else your governing document says

Your governing document has rules on how your charity must be managed. Make sure you know these and comply with them. This will help you make valid decisions. It also helps to avoid damaging disputes.

Governing documents usually say:

- how trustees must be appointed
- how often trustees must meet
- how many trustees are needed to make a valid decision

A governing document can give you extra powers. For example, powers to invest or borrow money. Check if there are any special conditions or restrictions you need to follow.

It might also say if there are things that you cannot do. For example:

- making payments to trustees
- selling the charity's land

If you are using a power, make sure you comply with your trustee duties (<https://www.gov.uk/guidance/charity-trustee-whats-involved>), such as the duty to act in the charity's best interests.

You should also keep your governing document up to date (<https://www.gov.uk/government/collections/managing-your-charity-guidance#make-changes-to-your-charity>).

The law

You do not have to be an expert. But you must make sure your charity complies with the law.

To help you do this, take reasonable steps to find out what laws apply. For example, by reading relevant guidance or by getting appropriate professional advice.

Charity law

Charity law includes requirements about what you have to report to the Commission (<https://www.gov.uk/guidance/what-to-send-to-the-charity-commission-and-how-to-get-help>).

Further guidance on charity law by topic (<https://www.gov.uk/guidance/charity-commission-guidance>) is also available on the Commission's website.

Other laws and regulations

Other requirements may apply to your charity depending on:

- what it does - for example, if it owns land, employs staff, raises funds, or works with children
- its structure - for example, if it is a company, a charitable incorporated organisation or a trust
- where it works - for example, if it works in other parts of the UK or worldwide

Charities are also subject to general laws such as tax, data protection, and health and safety which trustees have responsibilities to meet.

Other organisations can provide information or help (<https://www.gov.uk/government/publications/charity-trustee-welcome-pack/charity-trustee-welcome-pack#contact-book>).

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Brexit

Check how the new rules affect you

(<https://www.gov.uk/transition>)

Related content

- Making decisions at a charity (<https://www.gov.uk/guidance/making-decisions-at-a-charity>)
- Charity trustee welcome pack (<https://www.gov.uk/government/publications/charity-trustee-welcome-pack>)
- Trustee expenses and payments (CC11) (<https://www.gov.uk/government/publications/trustee-expenses-and-payments-cc11>)
- Managing conflicts of interest in a charity (<https://www.gov.uk/guidance/managing-conflicts-of-interest-in-a-charity>)
- Managing your charity guidance (<https://www.gov.uk/government/collections/managing-your-charity-guidance>)

Explore the topic

- Trustee role and board (<https://www.gov.uk/topic/running-charity/trustee-role-board>)
- Managing your charity (<https://www.gov.uk/topic/running-charity/managing-charity>)