



# Charities Act 2011

## 2011 CHAPTER 25

### PART 11

#### CHARITABLE INCORPORATED ORGANISATIONS (CIOS)

#### CHAPTER 2

##### POWERS, CAPACITY AND PROCEDURE ETC.

#### **216 Powers of CIO**

- (1) Subject to anything in its constitution, a CIO may do anything which is calculated to further its purposes or is conducive or incidental to doing so.
- (2) The CIO's charity trustees are to manage the affairs of the CIO and may for that purpose exercise all the powers of the CIO.

#### **217 Constitutional requirements**

- (1) A CIO must use and apply its property in furtherance of its purposes and in accordance with its constitution.
- (2) If the CIO is one whose members are liable to contribute to its assets if it is wound up, its constitution binds the CIO and its members for the time being to the same extent as if its provisions were contained in a contract—
  - (a) to which the CIO and each of its members was a party, and
  - (b) which contained obligations on the part of the CIO and each member to observe all the provisions of the constitution.
- (3) Money payable by a member to the CIO under the constitution is a debt due from that member to the CIO, and is of the nature of an ordinary contract debt.

---

*Status: This is the original version (as it was originally enacted).*

---

## **218 Third parties**

- (1) Subject to subsection (3), the validity of an act done (or purportedly done) by a CIO is not to be called into question on the ground that the CIO lacked constitutional capacity.
- (2) Subject to subsection (3), the power of the charity trustees of a CIO to act so as to bind the CIO (or authorise others to do so) is not to be called into question on the ground of any constitutional limitations on their powers.
- (3) Subsections (1) and (2) apply only in favour of a person who gives full consideration in money or money's worth in relation to the act in question, and does not know—
  - (a) in a subsection (1) case, that the act is beyond the CIO's constitutional capacity, or
  - (b) in a subsection (2) case, that the act is beyond the constitutional powers of its charity trustees,
 and (in addition) subsection (2) applies only if the person dealt with the CIO in good faith (which the person is presumed to have done unless the contrary is proved).
- (4) A party to an arrangement or transaction with a CIO is not bound to inquire—
  - (a) whether it is within the CIO's constitutional capacity, or
  - (b) as to any constitutional limitations on the powers of its charity trustees to bind the CIO or authorise others to do so.
- (5) If a CIO purports to transfer or grant an interest in property, the fact—
  - (a) that the act was beyond its constitutional capacity, or
  - (b) that its charity trustees in connection with the act exceeded their constitutional powers,
 does not affect the title of a person who subsequently acquires the property or any interest in it for full consideration without actual notice of any such circumstances affecting the validity of the CIO's act.
- (6) In any proceedings arising out of subsections (1) to (3), the burden of proving that a person knew that an act—
  - (a) was beyond the CIO's constitutional capacity, or
  - (b) was beyond the constitutional powers of its charity trustees,
 lies on the person making that allegation.
- (7) In this section and section 219—
  - (a) references to a CIO's lack of constitutional capacity are to lack of capacity because of anything in its constitution, and
  - (b) references to constitutional limitations on the powers of a CIO's charity trustees are to limitations on their powers under its constitution, including limitations deriving from a resolution of the CIO in general meeting, or from an agreement between the CIO's members, and the references to constitutional powers are to be read accordingly.

## **219 Limits to s.218**

- (1) Nothing in section 218 prevents a person from bringing proceedings to restrain the doing of an act which would be—
  - (a) beyond the CIO's constitutional capacity, or
  - (b) beyond the constitutional powers of the CIO's charity trustees.

---

*Status: This is the original version (as it was originally enacted).*

---

- (2) But no such proceedings may be brought in respect of an act to be done in fulfilment of a legal obligation arising from a previous act of the CIO.
- (3) Subsection (2) does not prevent the Commission from exercising any of its powers.
- (4) Nothing in section 218(2) affects any liability incurred by the CIO's charity trustees (or any one of them) for acting beyond their (or that charity trustee's) constitutional powers.
- (5) Nothing in section 218 absolves the CIO's charity trustees from their duty to act within the CIO's constitution and in accordance with any constitutional limitations on their powers.

## **220 Duty of CIO members**

Each member of a CIO must exercise the powers that the member has in that capacity in the way that the member decides, in good faith, would be most likely to further the purposes of the CIO.

## **221 Duties of charity trustees**

- (1) Each charity trustee of a CIO must exercise the powers and perform the functions that the charity trustee has in that capacity in the way that the charity trustee decides, in good faith, would be most likely to further the purposes of the CIO.
- (2) Each charity trustee of a CIO must in the performance of functions in that capacity exercise such care and skill as is reasonable in the circumstances, having regard in particular—
  - (a) to any special knowledge or experience that the charity trustee has or purports to have, and
  - (b) if the charity trustee acts as such in the course of a business or profession, to any special knowledge or experience that it is reasonable to expect of a person acting in the course of that kind of business or profession.

But this is subject to any provision of a CIO's constitution permitted by virtue of regulations made under subsection (3).

- (3) CIO regulations may permit a CIO's constitution to provide that the duty in subsection (2)—
  - (a) does not apply, or
  - (b) does not apply in so far as is specified in the constitution.
- (4) Regulations under subsection (3) may provide for limits on the extent to which, or the cases in which, a CIO's constitution may disapply the duty in subsection (2).

## **222 Personal benefit and payments**

- (1) A charity trustee of a CIO may not benefit personally from an arrangement or transaction entered into by the CIO if, before the arrangement or transaction was entered into, the charity trustee did not disclose to all the charity trustees of the CIO any material interest (whether direct or indirect) which the charity trustee had in it or in any other person or body party to it.

---

*Status: This is the original version (as it was originally enacted).*

---

- (2) Nothing in subsection (1) confers authority for a charity trustee of a CIO to benefit personally from any arrangement or transaction entered into by the CIO.
- (3) A charity trustee of a CIO—
  - (a) is entitled to be reimbursed by the CIO, or
  - (b) may pay out of the CIO's funds,expenses properly incurred by the charity trustee in the performance of that charity trustee's functions as such.

## **223 Regulations about procedure of CIOs**

- (1) CIO regulations may make provision about the procedure of CIOs.
- (2) Subject to—
  - (a) any such regulations,
  - (b) any other requirement imposed by or by virtue of this Act or any other enactment, and
  - (c) anything in the CIO's constitution,a CIO may regulate its own procedure.
- (3) But a CIO's procedure must include provision for the holding of a general meeting of its members, and the regulations referred to in subsection (1) may in particular make provision about such meetings.