

Management Committees

In starting an organisation, you will need to have a management committee or a small group of people who will make decisions about the group. At this stage the committee could just be a couple of other members of your community that are interested in what you are planning on doing and that are willing to give up some time in order to manage the organisation.

Roles and Responsibilities of the Management Committee

All committee members have the overall responsibility for meeting the organisations legal duties and ensuring it is properly managed, and for promoting good practice in all its activities. The structure of the management committee differs depending on the legal structure of the organisation (this is covered in the next section) but, generally, most organisations need a Chair, Treasurer and Secretary. All organisations need a minimum of 3 members on the committee; however it may be beneficial to have more people supporting the activities of the group.

Responsibilities of the management committee/board of trustees:

- ⊙ To provide vision and leadership to the organisation
- ⊙ To make the policy for the organisation and ensure its implementation
- ⊙ Manage the organisation, employ all paid staff and directly manage the Chief Officer
- ⊙ Ensure the financial viability of the organisation and assume active financial responsibility.
- ⊙ Ensure that the organisation adheres to all legal responsibilities as set out in Charity Law.
- ⊙ Ensure that the membership has a voice within the governance of the organisation and that the membership is adequately represented as all levels.

Chair

- ⊙ Planning and running the organisation's meetings
- ⊙ Dealing with matters relating to membership, other officers and users
- ⊙ Supervising senior staff
- ⊙ Helping with the management of the organisation
- ⊙ Spokesperson

Treasurer

- ⊙ Maintaining and updating registers
- ⊙ Ensuring meetings are called and recorded
- ⊙ Administration of annual returns and accounts
- ⊙ Supervising legal requirements
- ⊙ Preparing regular financial reports for the committee
- ⊙ Bookkeeping and budgeting

Secretary

- ⊙ Assisting the Treasurer
- ⊙ Preparing for meetings
- ⊙ Helping during meetings
- ⊙ Correspondence and publicity

These responsibilities cover all organisations, including large trusts so they may seem too formal for small community groups.

Get more info

NVCO (National Council for Voluntary organisations) 0800 2798 798
www.askncvo.org.uk provides free advice to voluntary organisations and produces booklets on various aspects of running a voluntary organisation including *The Good Governance Action Plan*
www.volresource.org.uk

Constitution

What is a constitution?

Once you have got your committee together, you have agreed responsibilities and that you will each give some time to the organisation you must start to prepare your constitution.

All organisations, no matter how small, need a **governing document** to identify what the group does and why it was set up. The governing documents for organisations differ depending on the legal structure of the group but they are generally referred to as **constitutions** and they can be as simple as one sheet of paper or as detailed as 100 depending on the size and capacity of your group. Below are some examples of organisations (legal structures) and the type of governing document that that particular organisation should have. Any of these organisations can register as a charity. This process will be covered later on in the booklet.

Legal Structure	Example	Governing Document	Committee
Unincorporated association	Any group with low income, short-term goals, no paid staff and no ownership of property	Constitution	Committee, executive committee or management committee
A charitable trust	An organisation established for charitable purposes and registered under the Charities Act 1993	Trust deed or Declaration of Trust	Committee or Board of Trustees
Company limited by guarantee	An organisation that pursues a social or political cause where all profits are reinvested in the company. It is regarded as a separate legal 'corporate' body and has a legal identity of its own and relieves the trustees of personal liability	Memorandum and Articles of Association	Board of Directors

Why do we need a constitution?

According to *Voluntary but not Amateur*, organisations need constitutions because:

- To ensure an organisation's aims are clear and agreed by its members
- To provide mechanisms for making decisions and resolving disputes
- To gain credibility with bank managers and funders
- To clarify liability and lines of responsibility and in some cases reduce the personal financial risk to the committee
- To ensure accountability
- To enable an organisation to take advantage of the benefits of charitable status (a group must have a written constitution in order to register as a charity)
- To enable trustees to be formally appointed and, if necessary, hold property on trust for an organisation
- To enable an organisation to register as an industrial and provident society or a company limited by guarantee
- To enable an organisation to affiliate to the local council for voluntary service or other second tier (umbrella) organisation

How do we write a constitution?

Some large national charities produce a Standard Governing Document which can be used by organisations associated with that charity. These Standard Governing Documents contain both agreed objects and administrative procedures which are specific to a particular type of organisation. A list of organisations for which a SGD has been agreed can be found on the Charity Commission website. If these documents are not available to your group, the following information will help you to put together a very simple constitution to start you off.

Before you can begin to set up a constitution for your group, you will need to think clearly about the type of organisation that you are or are hoping be and think carefully about what you want to achieve. The following table will help you to develop a clear idea about your organisation by answering the questions. Even if, at this stage, you have not got everything that you need in place, this should give you an idea about what you need to do next.

Identifying the need	What are you aiming to achieve? – be clear about your service
	Are these services needed? –how do you know that they are needed?
	How are you aiming to achieve your objectives?
	Identify your users and make sure that you have listened to the community (service users)
	Is your activity one off or ongoing?
Assessing current status	What is the current status of the group?
	Is this the right status for the group?
	What support/resources/services do you already have?
	What else will you need?
Putting systems in place	How is the group planning to provide these resources?
	Have you got a Management Committee?
	Have you got policies and procedures in place including financial management procedures?
	What legal implications are there? (e.g. insurance)
	How are these legal implications to be met?
	Do you need to be a registered charity?
	Do you need to register with any other institutions? (e.g. OFSTED)
	Do you need a child protection policy?
	Do you have clear roles and responsibilities for staff and volunteers?
	Have you got a system to manage volunteers
	Have you got a complaints and suggestions procedure?
	Have you got a monitoring system in place
	Have you identified funding sources
Planning	What outputs are hoped to be achieved?
	How are you going to measure the outputs?

What do we do next?

Once you are happy with the plans for your organisation, you can begin to form your constitution with the help of your committee. All the people who will be involved in the running of your project should have some input into the constitution and all the members of your committee must sign the constitution in order for it to be adopted officially.

The following is a list of all the essential parts of a simple constitution to give you an idea of what must be included in yours.

Name of Group

The name of your group/organisation

Objects

The aims and objectives of the group, its activities and services

Powers

How the group will achieve its aims and objectives, e.g. employ staff, raise funds, recruit volunteers

Membership

Who is eligible to join the committee of the group and how membership is approved

Officers/Committee Members

The roles and responsibilities of each member of the committee and how people are voted on and off the committee

Meetings of the Committee

How meetings are arranged, how often, items for the agenda

Accounts

How the accounts are managed, how any money belonging to the group will be used/audited

Annual General Meeting

Details some contents of the AGM e.g. electing members and alterations

Alterations

Details the procedure for making any amendments to the constitution inc. voting procedure

Dissolution

How the group terminates inc. voting procedure and what happens to any assets owned.

Get more info

- There are a number of books that can give more detailed information about starting an organisation and legal requirements, including *Voluntary but not amateur*, a guide to the law for voluntary organisations and community groups ISBN11872582710. A free library of useful books is available at BVSC. Please contact them on 0121 643 4343 to book a time slot to make use of this facility.
- For an example of a very simple constitution for a community group see Appendix A.
- For other examples, the Charity Commission has model constitutions, Memorandums and Articles of Association and Declarations of Trust www.charity-commission.gov.uk They may also give advice on becoming a company limited by guarantee.
- To register as a company limited by guarantee you will have to find a company that will help you to do this legally. It would be a good idea to contact your local CVS to see if they can recommend somebody. In Birmingham, contact BVSC on 0121 643 4343

Example of A Constitution

Notes for Consideration in Developing a Short Constitution

Be clear about your service

Develop practice guidelines

Have clear roles and responsibilities

Identify users and make sure that you have listened to the community

Develop a complaints and suggestions procedure

Develop clear roles for volunteers

Develop a system to manage volunteers

Develop a monitoring system (What are you going to collect and why)

Have financial management procedures

What are you aiming to achieve?

How are you aiming to achieve this? (i.e. what services are to be offered and to whom)

Are these services needed?

What resources are needed to provide the services?

How is the group planning to fund these resources?

What outputs are hoped to be achieved?

How is the group going to measure the outputs?

What is the current status of the group?

Is this the right status for the group?

What legal implications are there (e.g. insurance)?

How are these legal implications to be met?

Name

XYZ Craft Group

Objects

- ⊙ To increase people's knowledge of crafts, home furnishing and sewing in general.
- ⊙ To reduce the isolation of older people living within the area and increase contact with younger members of the community

Powers

- ⊙ To raise funds to continue the activities of the group.
- ⊙ To assist and co-operate with other community groups within the area.
- ⊙ To provide out of pocket expenses to any person providing tuition.
- ⊙ Powers to do all such other lawful things as are necessary for the achievement of the objects.

Membership

- ⊙ Membership is open to residents over the age of 18 of East Staffordshire and the surrounding area and who have paid the annual subscription laid down from time to time by the Committee.
- ⊙ Every member shall have one vote.

Officers/Committee Members

- ⊙ A chairman, Secretary and Treasurer will be appointed at the annual General meeting and a further four members elected, all of whom will hold a office for one year but may be re-elected or re-appointed.

Meetings of the Committee

- ⊙ Three meetings, including the AGM will be held each year.
- ⊙ The proceedings of each meeting will be recorded in a book kept for that purpose.
- ⊙ At least three members of the Committee must be present.

Accounts

- ⊙ All funds will be paid into a bank or building society account opened in the name of the group and shall be applied only for furthering the objects of the group.
- ⊙ There will be three signatories and cheques must be signed by any two of these three signatories, and will not be related.

- ⊙ The Treasurer will keep account of the groups funds and submit an appropriate statement of accounts to members at the AGM and report on the groups finances to the committee when requested.

Annual General Meeting

- ⊙ An AGM will be held in May of each year or as soon as possible thereafter.
- ⊙ The Secretary shall give members 14 days notice of the AGM. All members are entitled to attend and vote at the meeting.
- ⊙ Nominations for election to the Committee should be handed to the Secretary on the day of the AGM. Should nominations exceed vacancies, election shall be by ballot.
- ⊙ The Committee will present a report and accounts of the year' activities.

Alterations

- ⊙ Alterations to the Constitution may be made by a resolution agreed by two thirds of the members present at the AGM.

Dissolution

- ⊙ If the Committee agree it is necessary to dissolve the group a meeting will be called and if agreed by two thirds of the members present the group will close.
- ⊙ Any money remaining after the payment of all liabilities will be transferred to the Management Committee of a similar group in East Staffordshire.

This Constitution was adopted on the

Signed

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Charity Registration

Who needs to register?

Generally, any organisation that carries out charitable work with an income of more than £1000 should register as a charity. Groups often think that it is their choice to register, when actually if a charity qualifies for registration they are obligated to do so. It may be that if you are just starting the organisation you will not have more than £1000 in your account therefore you do not need to register, however it is still worth looking into registering ready for when you do have an income of more than £1000.

How do we register?

The first step is to ring the Charity Commission on 0870 333 0123 or visit their website at www.charity-commission.gov.uk speak to somebody about the possibility of registering to make sure that you are eligible and then ask them to send out the registration form. The form is 48 pages long but there are, in fact, only 20 pages of questions; the others bits are just notes on how to answer the questions.

Section 1 is to check that you are eligible to register i.e. you have an income of over £1000 and your group operates within England and Wales.

Section 2 is to get details about your governing document (legal structure – refer back to page 2 of this section of the Support Booklet).

Section 3 is to find out what your objects and activities are. If you have what is referred to as a Standard Governing Document then you DO NOT need to complete this section. More details about Standard Governing Documents can be found on the Charity Commission website.

Section 4 is to find out more about your Governance.

Section 5 is to establish whether the organisation needs to register and carry out checks through the Criminal Records Bureau

Section 6 is a checklist to ensure that you include all necessary documents with the registration form.

Once you have sent off your completed registration form, the Commission will aim to respond to you within **15 working days** and this will be for one of the following reasons:

- ⊙ To request more or missing information
- ⊙ To give an indication that they are prepared to register your organisation and continue the process
- ⊙ To ask more questions on the governance (running) of the organisation if they feel that they can make some recommendations for improving the service that you provide
- ⊙ To give an indication that more time will be needed in order to decide on whether they will register the organisation

The Charity Commission anticipate that, usually, they will make a decision on registering a charity within 88 working days.

Get more info

- To advice and guidance on registering as a charity contact the Charity Commission on the number given above.
- There is also a book called Charitable Status: A Practical Handbook ISBN1900360837, which provides various information about becoming a charity

Financial Management

Opening Bank Accounts

It is a good idea to open a bank account in the name of your group, even if you do not yet have any money, ready for when you begin fundraising. The treasurer for the committee will primary charge of the accounts but you should ideally have 3 cheque signatories will all cheques being signed by two named members. Cheque signatories should not be related in anyway, many funders state that this is a condition of receiving a grant. You can open a group account at most high street banks but some banks have facilities that deal specifically with charity or voluntary organisations. The 3 banks listed below have these kinds of facilities and take into consideration the differences between public and private sector organisations:

Unity Trust Bank	0121 616 4101
Co-Operative Bank	0845 721 5215
Alliance and Leicester	0800 587 0800

Auditing

Although it is not always a legal requirement, all community and voluntary groups should keep records of accounts to show funders, members and the public that the organisation is running effectively. It also provides the organisation with a clear indication of how the organisation is performing by comparing the budgeted figures (what you thought you'd spend) with the actual income and expenditure (what you actually spent).

Unincorporated charities

Charities with an annual income and expenditure of £10,000 or less do not have to have their accounts audited or examined, unless this is required by the constitution or by funders.

Charities with gross income *or* total expenditure over £10,000 *and* with gross income and total expenditure under £250,000 in the current financial year and each of the two previous financial years need only have their accounts examined by an 'independent examiner' – that is "an independent person who is reasonably believed by the trustees to have the requisite ability and practical experience to carry out a competent examination of the accounts." They must have a full audit, if the constitution or funders so require.

The Commissioners also have the power to order an audit by an eligible auditor if they are not satisfied with an independent examiner's report.

What about paid staff?

Any organisation employing paid staff must adhere to the normal Inland Revenue regulations including PAYE and National Insurance. For more information on this please refer to Voluntary but not amateur or ring the Inland Revenue Charities Helpline on 0845 302 0203 or visit the website at www.inlandrevenue.gov.uk

Budgets

It is also good practice to produce projected budgets for your group, however small. As time goes on it will give you clear indication of what you spend annually, and therefore what you need to bring in, annually. Below is a simple list of considerations when drawing up a projected budget:

	Year 1		Year 2		Year 3		Total
	Total Cost	Source	Total Cost	Source	Total Cost	Source	
Revenue Costs							
Gross Salaries							
Recruitment							
Volunteer Expenses							
Rent/Mortgage							
Rates							
Light/heat/power							
Telephone							
Insurance							
Marketing/promotion							
Client contingency fund							
Training staff/volunteers							
Training beneficiaries							
Transport							
Professional fees							
Other expenses							
Total revenue costs							
Capital Costs							
Building/construction							
Building/land purchase							
Refurbishment/maintenance							
Professional fees							
Office equipment							
Vehicles							
Other expenses							
Total Capital Costs							
Total revenue and capital costs							

Get more info

For information on Employment Law you can contact the West Midlands Employment and Low Pay Unit on 0121 633 4071 or visit their offices at 3rd Floor, Wolverley House, 18 Digbeth, Birmingham, B5 6BJ.

Birmingham Settlement has a National Money Advice Training Unit which runs courses on all aspects of money advice and debt counselling. They are contactable on 0121 248 3028 or email nmatu@freenetname.co.uk

The DSS may also be able to give you advice on employees and volunteers and benefits www.dss.gov.uk