Bournemouth Council for Voluntary Service

Boscombe Link, 3-5 Palmerston Road, Bournemouth BH1 4HN.
Tel & Fax: 01202 466130
email: contactus@bournemouthcvs.org.uk
www.bournemouthcvs.org.uk

GETTING STARTED PACK[1]

Introduction

What is this pack?

Many people start voluntary/community organisations because they want to help their community by providing a service currently lacking. However they often find the legal and practical steps required to set up an organisation that will provide that service to be very confusing. This pack aims to help all those people.

It will be of most use if you are in the planning stages of, or have recently started, a voluntary/community organisation. However it is designed for organisations of all sizes, by providing an easy to use reference to help the organisations check that they have the basic principles and structures in place.

What if I need to find out more?

It would be impossible to put everything you need to know in one pack that would be free, easy to use or even just to carry around! This pack is intended as a guide only, highlighting the major issues that you need to consider.

Throughout this pack we advise you to seek further advice on particular issues, and there are a range of organisations that can provide exactly that type of advice and training often for free.

Bournemouth Council for Voluntary Service (BCVS) is funded to provide free advice and support to starting up and running a voluntary/community group in the borough. BCVS can provide you with specific advice for your particular circumstances. Advice and support is available by phone, e-mail, web-site, face to face and affordable training. To find out more visit www.bournemouthcvs.org.uk or phone 01202 466130.

The Contacts Section at the end of the pack lists some of the other places you can seek advice from.

[1] Adapted, with permission, from a pack produced by Voluntary Action Islington, www.vai.org.uk

How do I use this pack?

The pack is divided into seven stages. These are shown on page three in the order you should read them. Each stage is a section of questions written in bold that you will answer when setting up a voluntary/community organisation. After the questions you will find information written in a box. After the information you will find a task to complete, usually in the form of writing answers to several questions. Tasks are indicated with this sign:

Task

We also recommend that you start a file (either electronic or paper based) or other record system and use a separate section in the file to record your ideas, discussion and progress for each stage, with a separate piece of paper/section for each question within a stage.

Through the pack we have also included further information and practical hints. You will find these in boxes like this one.

At the end of the pack you will find activities to help your management committee carry out a self-assessment of its skills and review the policies the group has in place.

Finally there is a list of major contacts and other sources of information you will be able to use, many of which are free for you to access and use.

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- Check they understand their responsibilities
- Start keeping minutes of your committee meetings.
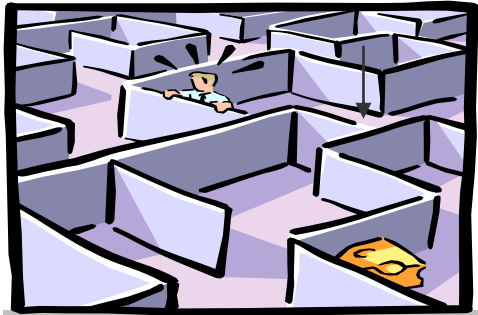- Run a skills assessment (p24)

NO

Talk to your bank or business development agency e.g. WSX Enterprise. They may be able to help you develop your idea as a business.

Do some research in your community.

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Getting Started Flowchart

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Make sure you can support those people delivering the service

<u>Stage One: Are you a voluntary organisation?</u>

You probably know at this point that you want to set up something like a charity or voluntary/community organisation to help the community or another group of people you know about. The first question you must then ask yourself is. . .

What is a voluntary organisation? Are we a voluntary organisation?

This is the catch-all word most often used to describe a type of organisation with the following characteristics;

Organised. The organisation has some form of structure to it. The rules for this structure are usually contained in something called <u>the governing document</u>. An organisation might still exist but not have a governing document if it has a committee and members and meets regularly. In this case these rules are simply unwritten and whenever someone does write them down, that document becomes the governing document. Even if the rules are never written down though, your group could still have a structure. Ad hoc, informal, and temporary gatherings of people would not therefore be considered voluntary organisations, but they are often the starting point.

Private and Self-Governing. The organisation is independent from any other organisation with its own internal procedures for deciding matters without consulting an outside group, such as electing its committee. This does not mean that voluntary organisations cannot be helped by other organisations, such as BCVS or the borough council. It does mean that a voluntary organisation must be free to appoint its own management committee who are able to make their own decisions in the best interests of the organisation and those it has been set up to help and not be told what to do by any other group.

Not-for-profit. This is a misleading term. In fact voluntary/community organisations can make profits however they are different from private businesses because their main motivation is not to create profit but to create social good. If a profit is made the money must be ploughed back into the work of the group, not given to the members, the directors or anyone else as happens with for-profit groups. Perhaps a better term is 'non-profit-distributing'.

Voluntary. The organisation involves some meaningful voluntary activity in its actual activities or in the management of the organisation. This does not mean that all the income of an organisation must come from voluntary contributions, or that everyone that works for it must be a volunteer. The minimum level of voluntary activity is that the management committee, who have a legal responsibility to put the organisation's interest ahead of their own, must mostly be volunteers.

What is the general aim of the group?

❑ Providing a service for others without distributing any profit
❑ Self help group
❑ Club
❑ Campaigning on issues of concern
❑ To provide a service for the community but also a job for yourself.

If it is any of the first four, then this pack can help you develop your organisation

Do we want to be a social enterprise?

There is no one single definition of 'social enterprise'. BCVS considers the term to be a description of an activity rather than a type of voluntary organisation. Social enterprise is about creating social good principally through trading (i.e. buying and selling) rather than using donated money (including grants). Many charities rely on social enterprise including child care organisations (they 'sell' childcare places) and community centres (they 'sell' rooms). Community Interest Companies (CICs), Companies Limited by Guarantee and Industrial and Provident Societies (IPSs) are other types of voluntary organisations that use social enterprise. However BCVS would only consider these to be part of the voluntary/community sector if more than half of their committee or directors are unpaid.

If we are not a voluntary organisation, what are we?

Many people want to provide services that are both socially aware but also provide an income for the founders who wish to stay in control of the organisation.

A voluntary sector structure is inappropriate for these types of organisations, because those with the legal control and responsibility for the organisation are volunteers.

If this is the case with you, then please seek advice from BCVS or some of the organisations listed in the Contacts section. While advice on this matter is beyond the scope of this pack, there are some ideas you should become familiar with.

❑ CICs and IPSs can be controlled by paid directors but the CIC legal form emphasises the organisation's motive to create community good.

❑ You could set up as a private business but emphasise your social/environmental credentials. However you will have to rely on contracts and trading as very few grants are available to private businesses, nor do people readily make donations of time, goods or money.

<u>Stage Two: What is your grand plan?</u>

Your organisation needs (**1**) an aim, (**2**) a group of people to run the organisation, (**3**) a set of objectives or targets to meet, and (**4**) people to run the service

The aim of the organisation 1: Overview

The group needs a single purpose or aim, your grand plan. What is the '**urgent need**' your group has identified and how can it be solved? Your aim should describe the people that you want to help and what you hope will change as a result of your group existing. It should be possible to achieve, but also broad enough to cover everything the group wants to do.

All the members setting up the organisation need to discuss and agree the aim

The aim of the organisation 2: Who will benefit?

Your organisation will probably be set up to support a group of people in need. In order to make your service effective, you need to know a lot about these people. How many are there? What problems are they facing? Where do they live? What different types of people are in the group (men, women, children, working, unemployed, poor housing etc.)? You need to research the group, and talk to members from it, before deciding what services to offer.

It is very important when looking for funding that you are able to prove that there is a need for the work, and that it can truly benefit people.

The people who will benefit from your work are called your **"<u>beneficiaries</u>"**

Task

1. Describe the group your organisation will benefit; *E.g. "Somali people in the borough of Bournemouth; residents of X estate; people affected by HIV and AIDS."*

2. How many people are in the group? *Try to give figures that are supported by evidence that either you have collected or you have obtained from another source. Even better give figures from both.*

3. How will you break down information about the group? *Age, ethnic origin, the geographical area they live in, the type of support they need?*

4. Describe how you will carry out further research on the groups who will benefit from your service. *E.g. will you ask users what they want, how will you record and measure the impact of your work, how will you know that you offer will still be needed in two years' time?*

Example Sources of Evidence

- ❑ Questionnaires asking people's opinions
- ❑ Written and spoken statements from users and community members on what services they need
- ❑ Numbers and types of people using the service
- ❑ Information from the census and local council

The aim of the organisation 3: What will change?

Now consider what will change in the lives of your beneficiaries as a result of the organisation you plan to set up (these are your **outcomes**). Putting together your description of the beneficiaries and the change you want to achieve will give you your aim.

Do not just list the activities you plan to carry out. Think what it is that will be different as a result of the activities.

For example, if you want the organisation to provide advice on welfare services to members of your community who are normally unable to access such information, your aim might be;

"*To ensure every community member has access to the information and advice they need to receive their full welfare entitlements*."

Task   Write down the aim of your organisation. Try and restrict it to a paragraph, even better just one or two sentences.

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Stage Three: Who is running your organisation?

Generally you will need a minimum of 3 people. Although there is no maximum number required the more people involved in making decisions the more time consuming, and perhaps difficult, it is to get good decisions made. Therefore BCVS would suggest a maximum of 12. Think about who needs to be around the table. Do you need:

- ❑ people with particular skills and knowledge
- ❑ users/beneficiaries
- ❑ representatives of key partners
- ❑ enough people to share out the work of setting up and running the organisation

Task Start a new section entitled 'Management Committee'. Write down the names and addresses of everyone who is currently involved in running the project, their position in the organisation (if they have one), and their relevant skills.

Then write down the type of people you want to recruit in order to run the organisation efficiently. At the end of this guide is a checklist of skills that would be useful in carrying out this initial review. Use the following table as a guide for your file.

Name	**Role on Committee**	**Skills Possessed/*Interested in Learning***

Stage Four: What are your service objectives for year one?

Your objectives are actions you plan to achieve within a specific time period – in this case, the first year. All the objectives should lead to achieving the overall aim you have set for the organisation.

There are two different types of objectives. **Firstly**, what you need to achieve to run your service (service objectives). A service objective might be '*to run a seminar on HIV and AIDS for 30 people from our community in July*'.

Secondly, what you need to achieve to run the organisation (organisational objectives). For example: *To have a constitution agreed by all members by April.*

For now, just think about the **service** objectives (see Stage Seven for organisational objectives).

Task Write down in the file each service that you want to provide. Then for each one describe

- ❑ **H**ow often will your activities be run – *e.g. daily, once a week, twice a month etc?*

- ❑ **W**hen will they be run – *what time is most convenient for those you are trying to help?*

- ❑ **W**here will they be run – *do you need premises? Acquiring them is an objective in itself*

- ❑ **H**ow many people will use the service – *e.g. 30 people attend each session, 300 people attend over twelve months, receive 400 calls to the helpline.*

- ❑ **W**hen will you start the service? For how long will it run?

- ❑ **W**ho will run the service?

- ❑ **W**hat will change as a result of the service and how will we know?

Example Service Objective:

"*To run a seminar on HIV and AIDS for 30 people from our community in July*"

Main Objective –	Run a seminar
How often –	Once a year
When –	July
Where will it be run –	In a local meeting hall
How many people –	Thirty

<u>When will it start and for how long</u> –	It will be for one day
<u>Who will run the service</u> -	We will invite a health worker to speak
<u>What will change</u> –	Those attending will have more understanding of HIV and AIDS, especially prevention and treatment. This will help reduce the spread of HIV in the community and encourage the community to be more sympathetic to those infected with HIV. We will use a questionnaire to measure the change in understanding.

Setting up each service is an objective, and the answers to these seven questions are mini-objectives for each of the main ones.

Stage Five: Who will run your service?

Task In your file start a new section entitled 'Workers'. Write down answers to the following questions:

1. **W**hat qualification and experience will you look for?

2. **W**ill they be paid? If you are using volunteers you must be careful to only pay those expenses that volunteers actually spend.

3. **W**hat will be your recruitment process?

4. **H**ow will you supervise staff/volunteers and appraise their performance?

5. **I**f you have people working with children or vulnerable adults can you run background checks on them through the Disclosure and Barring Service (formerly CRB)? These checks are not only good practice to safeguard those you work with but may be a requirement of funders or to comply with the law. For more information contact BCVS.

6. **H**ow will you provide staff development and training? Your staff and volunteers will need support to carry out their work and will want to develop their own skills, in order to improve. All training has costs associated with it both in terms of finances and the time involved. A positive approach to training will also help boost staff/volunteer moral and confidence.

Information Box

Being a voluntary/community group does not excuse you from being a good employer. Failing to act properly is costly in time, money and emotion. Always seek advice about the legal and financial implications of recruiting staff

To employ staff you will need
- ❑ A contract of employment
- ❑ Employers Liability Insurance
- ❑ Paying the minimum wage and providing minimum paid holidays
- ❑ To operate a PAYE scheme
- ❑ To budget for Employers National Insurance and pension contributions
- ❑ A process for supervision
- ❑ A grievance and discipline procedure that you can follow
- ❑ A plan for paying any extra costs associated with holiday leave, sick leave and maternity, paternity or adoption leave.
- ❑ A plan for paying any costs related to redundancy

For more information look at BCVS's Factsheet 'Employing People' or the Gov website at: www.gov.uk/browse/employing-people

Stage Six: What is your structure?

The structure of your organisation is very important. Voluntary/community organisations need a structure to receive funding and each type of structure carries with it certain legal responsibilities and implications.

The basis of most legal forms is a two-tier power structure whereby a small group of individuals are responsible for the running of the organisation (called a board of directors, board of management, management committee, or board of trustees), but are accountable to a wider group of individuals (often called members or shareholders or owners). This basic structure may be developed in many different ways to suit the particular organisation, but the structures adopted by most divide into the following five types:

Oligarchy

The individuals who make up the board are the same people as the members, and new appointments to the board are made by the board. When someone ceases to be on the board, they also cease to be a member of the organisation. This is a straightforward structure and is common to many voluntary/community organisations. It should always be considered by those that are new and still small.

Representative

This is used by organisations that wish to have members who are organisations instead of individuals. For example, the members may be local authorities, charities, etc. Each member then appoints an individual to serve on the board.

A version of this model can also be used for 'joint ventures' where two or more organisations (which may be charities, co-operatives and/or private companies) wish to establish a legal form to run a joint project. Each 'owner' of the new legal form has the right to appoint an individual to the board.

Membership

This is a useful model to adopt where it is important that a number of individuals or organisations have rights in relation to the organisation. It is sometimes used by community organisations who wish to involve local individuals and organisations and wish to adopt a democratic structure. The members elect a small number from amongst themselves to be the committee/board/trustees.

Co-operative

The International Co-operative Alliance (ICA) Statement on the Co-operative Identity describes a co-operative as 'an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise'. All co-operative organisations operate under the ICA co-operative values and principles. While the co-operative organisation are usually first thought of as an industrial and provident society, there are many different legal forms that can be used to create an organisation which falls within this definition. One of the key features is usually 'one member one vote'. See Contacts section for more advice about co-operatives.

Appointed board

Here board members may or may not be members of the organisation, and are appointed to provide particular knowledge or skills to the board. Recruitment of board members in this way should be treated with the same care as recruitment of staff.

Will you be an unincorporated or incorporated organisation?

In the eyes of the law an organisation is **either**:

A collection of individuals (sometimes called Natural Persons) working together who are all equally responsible and liable for the actions of the organisation. This is known as an unincorporated association. These are ideal for small groups with short-term goals, low incomes, that provide services that are not risky, particularly for their own members, and which do not intend to employ staff or take on property; **or**

An incorporated organisation (sometimes called a Corporate Person) exists as a separate legal entity from the individuals running and belonging to it. The most common example is companies. These legal entities are suitable for voluntary organisations that start to take on staff and property, signing contracts and start providing more services to the public.

Do you want to set up an association, limited company or CIC?

Many small voluntary organisations are associations or trusts. Both are unincorporated and fine for low risk activities. However as an organisation grows, or when there is more risk, then the following incorporated structures are more suitable.

Most private sector companies are limited by shares. The shareholders are the ultimate members but also own a share of the company. They usually buy shares in the hope of receiving a dividend (an annual share of any profits) and/or because if the value of the company grows in the future if they sell their shares they will receive more money than they paid for them. However most not-for profit companies are a different sort, one limited by guarantee. The members guarantee to pay a maximum nominal sum (usually £1 or £10) towards any unpaid debts if the company ever closes. The profits in companies limited by guarantee are all reinvested back into the company, not distributed to its members. If a not-for profit company wants to be a charity it can only be one limited by guarantee and is then regulated by Companies House and the Charity Commission.

Charitable Incorporated Organisations (CIO) are a new legal structure for charities that want an incorporated structure without the extra work that charitable companies have in reporting to both Companies House and the Charity Commission. CIOs can only be set up by the Charity Commission and so must be charities. CIOs have all the advantages of being a company with little more paperwork than a charitable association or trust. Therefore for most new charities it will be the structure of choice.

There are a few disadvantages of a CIO over a charitable company but the Charity Commission suggests that for charities with under £500,000 a year CIOs are suitable.

Community Interest Companies (CIC) were set up for those who wanted to have a regulated incorporated organisation set up to create good for the community but with more freedoms than being a charity. CICs are regulated by Companies House and the CIC Regulator. When set up an application is made to the Regulator clearly setting out what the community benefit will be (it is an easier test to pass than for a charity and is what the person in the street would consider to be beneficial). CICs have an asset lock which means they must receive full value for anything they buy or sell to ensure that as much community benefit as possible is created i.e. no money is 'wasted'. CICs can be set up as companies limited by guarantee or by shares. However if limited by shares CICs are restricted in how much profit can be distributed as a dividend and the shareholders will only receive the money they originally paid for their shares if they are sold. Therefore those buying shares in a CIC will more likely be looking for ethical investment rather than high returns. CICs are suitable for not-for profits that will make most of their money from trading. Grant-makers and the public are less likely to 'donate' to a CIC, preferring registered charities.

The following table lists the advantages and disadvantages of the five common legal structures. If you are unsure about which structure is best for you then contact BCVS or look in the Contacts Section.

Legal structures of voluntary and community organisations – advantages and disadvantages

Type and why	Advantages	Disadvantages
Unincorporated association Choose if it • will not own significant property • will not employ staff • will have a relatively secure income • will not carry out risky or financially burdensome activities • wants to be a membership organisation • wants more privacy	✓ Flexibility – easy to set up, easy to close down, simple to run ✓ Privacy – accountable to members, no registration (unless charity) ✓ Charity status – can be a charity	✗ Personal liability – it is unlimited ✗ Entering into contracts and taking legal action – not a legal entity so can't enter into legal agreements in its own right ✗ Holding property and investments – not a legal entity so can't hold assets in own right (use holding trustees, custodian trustees or nominee company)
Trust (unincorporated) Choose if it • will have very substantial assets or very secure funding and/or will not have long-term financial commitments • will not employ staff • will not have a membership	✓ Flexibility – easy to set up, easy to close down, simple to run ✓ Small number of trustees ✓ Self-perpetuating governing document ✓ Charity status – can only be a charity	✗ Personal liability – it is unlimited ✗ Not a legal entity so can't enter into legal agreements or action in its own right ✗ Can't hold property/investments in its own right (see above) ✗ Undemocratic – doesn't have a membership
Company limited by guarantee Choose if it • employs or expects to employ staff • owns or expects to own land, building, investments or other substantial assets • is or expects to be involved in assets, leases or contracts where there is financial risk • is finding it difficult to recruit governing body members because they want the protection from personal liability that incorporation brings	✓ Legal personality (separate to the governing body) – can take on contracts, take legal action and hold property in own name ✓ Limited liability – to members of the organisation and governing body ✓ Permanent succession – no need to transfer legal agreements as in organisation name ✓ Permanent – exists until it is closed ✓ Charity status – can be a charity	✗ Cost – registration fee (£40), set up costs (depending upon who does the set up work), annual filing fee (£13) ✗ External accountability – on the register of companies held by Companies House ✗ Paperwork – keep registers, annual returns and inform changes to Companies House ✗ Information about directors publicly available via the register of companies, registers open for inspection at registered office ✗ Governing members remain personally liable for fines, acting outside powers, allowing company to continue when insolvent ✗ Permanent endowment – not protected if liquidating assets because of insolvency ✗ Winding up – formal process

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Type and why	Advantages	Disadvantages
Charitable incorporated organisation (CIO) Choose if it • employs or expects to employ staff • owns or expects to own land, building, investments or other substantial assets • is or expects to be involved in assets, leases or contracts where there is financial risk • is finding it difficult to recruit governing body members because they want the protection from personal liability that incorporation brings • wants to be registered and regulated by one regulator, the Charity Commission	✓ Legal personality , can take on contracts, legal action and hold property in own name ✓ Limited liability – to members of the organisation and governing body ✓ Only registered with and regulated by one body, the Charity Commission ✓ Annual returns, accounts and reports only need to be sent to one regulator, the Charity Commission ✓ Permanent succession – no need to transfer legal agreements as in organisation name ✓ Permanent – exists until it is closed ✓ Charity status – can only be a charity	✗ It will take time, at least two months, to register with the Charity Commission and the organisation won't exist until it is registered ✗ New legal form – the legal framework is not tested so there may be teething problems. ✗ Annual returns and accounts – must be submitted to the Charity Commission regardless of income (non-CIO charities only have to if income is more than £10,000) ✗ Borrowing money – it may be more difficult to borrow money using property as security (mortgages) because there will be no register of charges on charitable assets (unlike for company assets)
Community interest company (CIC) Choose if it • wants to be clear it is not for profit and working for the community (usually call itself a social enterprise) • employs or expects to employ staff • owns or expects to own land, building, investments or other substantial assets • is or expects to be involved in assets, leases or contracts where there is financial risk • wants to preserve its assets for the community benefit • wants to pay or be able to pay the governing body members • is finding it difficult to recruit governing body members because they want the protection from personal liability that incorporation brings	✓ Legal personality (separate to the governing body) – can take on contracts, take legal action and hold property in own name ✓ Limited liability – to members of the organisation and governing body ✓ Permanent succession – no need to transfer legal agreements as in organisation name ✓ Permanent – exists until it is closed ✓ Governing body members may be paid (payments must be reasonable) ✓ Asset lock so assets are protected for the community ✓ Reputation – additional regulation from the CIC Regulator and provides a brand as a social enterprise	✗ Cost – registration fee (£35), set up costs (depending upon who does the set up work), annual filing fee (£28) ✗ External accountability – on the register of CICs held by CIC Regulator ✗ Paperwork – keep registers, annual returns and inform changes to Companies House ✗ Information about directors publicly available via the register of companies, registers open for inspection at registered office ✗ Governing members remain personally liable for fines, acting outside powers, allowing company to continue when insolvent ✗ Permanent endowment – not protected if liquidating assets because of insolvency ✗ Winding up – formal process ✗ Must pay taxes on profits, must pay stamp duty, no gift aid, no mandatory rate relief ✗ Funders may not want to fund CICs ✗ Charity status – can't be a charity

Will your organisation be charitable?

As well as your legal structure you should consider if your organisation wants to, or will, have charity status. Charity status is defined in, and controlled by, law:

- ❑ Charities must have exclusively charitable purposes for the public benefit (whereas clubs are for the members benefit) and are not-for-profit organisations
- ❑ The people in overall charge of charities (the management committee) cannot usually be paid
- ❑ Charities cannot carry out any party political activity (it can campaign, e.g. to change the law, within certain rules)
- ❑ Associations, trusts and companies limited by guarantee can all be charities as long as they have exclusively charitable purposes. They only have to register with the Charity Commission if their income is more than £5,000 (all CIOs have to register regardless of their income). Therefore there are many unregistered charities but they can register with HMRC and so enjoy the tax advantages of charity status such as being exempt from Corporation Tax and claiming Gift Aid.

Advantages

- ❑ High level of public trust
- ❑ Regulated by the Charity Commission
- ❑ Easier to fundraise and more likely to attract donations, including grants, volunteers and individual giving
- ❑ Tax advantages such as exemption from Corporation Tax and claiming Gift Aid
- ❑ Property attracts automatic 80% business rate relief

Disadvantages

- ❑ Some restrictions on what you can and cannot do
- ❑ Annual reporting to the Charity Commission
- ❑ Increased public reporting and scrutiny
- ❑ Trustees cannot usually personally benefit more than other beneficiaries (e.g. cannot be paid but can claim reasonable expenses)

The Charity Commission has some useful pages about starting a charity, see Contacts Section or contact BCVS.

What will be your Charitable Purposes/Objects?

Charity law says that any voluntary organisation, which has at least one type of charitable purposes, is a charity and as such must be registered with the Charity Commission if it meets the minimum requirements e.g. more than £5,000 income and all CIOs.

The types of charitable purposes are very broad in scope and many different activities can be carried out under them.

The Charities Act sets out the following descriptions of charitable purposes:
a) the prevention or relief of poverty;
b) the advancement of education;
c) the advancement of religion;
d) the advancement of health or the saving of lives;
e) the advancement of citizenship or community development;
f) the advancement of the arts, culture, heritage or science;
g) the advancement of amateur sport;
h) the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity;
i) the advancement of environmental protection or improvement;
j) the relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage;
k) the advancement of animal welfare;
l) the promotion of the efficiency of the armed forces of the Crown, or of the efficiency of the police, fire and rescue services or ambulance services;
m) other purposes currently recognised as charitable and any new charitable purposes which are similar to another charitable purpose.

Your charitable purposes should also be very clear about who are the beneficiaries your charity will help. *See Stage Two.*

Remember your charitable objects are important because they are the legal boundaries to what activities your group can carry out. If the trustees of the charity do not respect these boundaries they could find themselves personally liable both to the courts and financially to the charity and funders for any money misspent, no matter how worthwhile the cause. To avoid these problems **always** get advice before writing your charitable objects e.g. from BCVS.

Task

In your information file write down if your organisation is charitable or not and if you will set up a trust, association, CIC, CIO or company?

Then contact BCVS or one of the organisations in the Contacts Section for help writing a set of rules. The Charity Commission and CIC Regulator have model examples of the different types of rules. Also look in 'Other Sources of Information' at the end of the guide, which outline the legal implications of the different types.

Stage Seven: What are your organisational objectives for year one?

Along with the objectives for the service you plan to run, you need objectives for setting up the organisation. These will be broadly similar for all new groups.

Task Create a checklist in your file with the following objectives. Set dates for each one to happen and tick them off as they do. Make it a permanent item on the agenda of your committee meetings to review these objectives checking both your organisation's progress and the committee's understanding of the issues.

(1) To get a group of three to 12 people together to form the management committee of the new organisation, with the necessary skills *See Stage Three*

(2) To agree the organisation's aims and objectives *see Stages Two and Four*

(3) To agree a constitution (for an association or CIO), articles (for a company or CIC) or a trust deed (for a trust). *See Stage Six*

(4) To hold regular committee meetings, with agendas circulated in advance and written minutes of decisions circulated to all committee members.

(5) To set up a bank account with at least two signatories who are members of the committee NB if you are a company, CIC or CIO you will have to wait until you are registered *(most banks and Credit Unions have community accounts)*

(6) To agree financial procedures (how the organisation will record and account for money), and set up cashbooks and petty cash books to record all income and expenditure. *See BCVS Factsheet 'Financial Controls' and Contacts for further sources of information for where to get advice on financial procedures*.

(7) If you wish to be a company or CIC register with Companies House (*BCVS can help)* www.companieshouse.gov.uk/infoAndGuide/companyRegistration.shtml if a CIC www.gov.uk/government/publications/community-interest-companies-business-activities/cic-business-activites-step-by-step-guidelines

(8) If you have charitable aims and able to, or wish to be a CIO, apply to the Charity Commission to be a registered charity. *(Applications are made on-line by going to: www.charity-commission.gov.uk BCVS can offer free advice and support)*

Task Write down any other objectives for the organisation for year one.

HINT

Without achieving these organisational objectives your chances of securing funding and successfully delivering services to your beneficiaries are greatly reduced. Many of these objectives also have legal or financial implications that your management committee needs to be aware of.

Stage Eight: How much money do you need?

Decide on your financial year. Most organisations keep the year 1 April – March 31st. When you produce annual (i.e. yearly) accounts, they will cover all transactions in the financial year.

Decide roughly how much you will spend in the first year on different activities. Consider what your objectives are for year one. How much will it cost to meet these objectives? *If you have planned to recruit staff, how much will you need to budget for their salaries and associated costs?* If you do not know, research. If you plan to buy a computer – *ring up computer shops and find out how much the item you want costs.*

BE ACCURATE AND REALISTIC.

Task ➤ Write out a budget based on your activities. This template can be used for your starting budget. List as many items as you think are needed, not just the ten spaces given here.

ITEM	COST
TOTAL	

__Stage Nine: Where will the money come from?__

Before you can start running your service you need to know **(a)** how much money you need, **(b)** where it will come from and **(c)** when it will arrive. Fundraising can take a great deal of time and effort to get right so the people responsible need to have the free time to spend on the task.

You might want to consider selling some of your services to raise money – but do take advice on the tax implications of this. Then you need to start carrying out whatever income raising plan you have made.

Task

At your next committee meeting discuss the following questions. Write down your decisions in the minutes.

1. When do you need the money by? How much do you need?

2. Who will research the information on funders?

3. Who will write funding applications and letters?

4. Decide how much money you will get from which sources. You do not need to raise funds from all the sources below.

❑ **Trusts** There are about 7,500 grant making trusts**.** There are some free websites (including one provided by the borough council) and a number you pay for such as Directory of Social Change. The Communities Development Team at the borough council can provide advice and BCVS operates an e-group, BPFOG, with alerts on funding opportunities and a monthly 'What Funds'. See Contacts and Websites Sections.

❑ **Lottery** There are 12 distributors, go to: www.lotterygoodcauses.org.uk/funding

❑ **Bournemouth Borough Council** The council occasionally has some small grant schemes/funding available to the sector. Contact the Council (see Contacts).

❑ **Central government** See www.gov.uk/business-finance-support-finder

❑ **Companies** The Guide/CD-ROM to UK Company Giving from the Directory of Social Change. See Contacts Section.

❑ **Individuals** See the Institute of Fundraising guidance. If you are registered as being charitable with HMRC you can reclaim the tax on donations made by known individuals. This is known as Gift Aid. See Contacts.

❑ **Members** Subscriptions can be a great source of funds to cover costs such as postage and phone calls. Members could also be encouraged to Gift Aid their donations.

❑ **Running Events** The Institute of Fundraising has a lot of guidance. See Contacts.

❑ **Selling services** – this is an effective way of raising funds that can be spent on any part of the organisation. However you need to consider the effect this will have on those people you are seeking to help, who may not be able to afford the service. There may also be tax implications. BCVS provides an alert service of any local Tenders.

Stage Ten: Get Started!

Use this document as a plan to help you organise the first year and start to achieve the objectives you have set for your service and organisation.

To recap

    (1)   Agree an **AIM**

    (2)   **RESEARCH** the need for the service, **RESEARCH** the people who will use you service, and **RESEARCH** other similar organisations.

    (3)   Get founder members to **JOIN** your organisation

    (4)   Agree a **STRUCTURE** and **CONSTITUTION** for your organisation, then follow it

    (5)   Plan your **SERVICE**

    (6)   Set a **BUDGET** for you service and organisation

    (7)   Open **BANK ACCOUNTS**

    (8)   Open cash and petty cash **BOOKS**

    (9)   Start **RAISING** the money

    (10) RUN YOUR SERVICE!

<u>Skills of the Management Committee</u>

Task The list below covers many of the activities that a management committee is expected to carry out. Each task could also be considered a skill. This list can help your committee better understand its role and assess its own strengths and weaknesses. Give a copy of the page to each committee member. Ask them to write down those tasks they would feel confident taking charge of. Then ask them to write down those tasks about which they would like to learn more and to help other committee members with.

You will have just done a basic board self-assessment; identifying what skills your committee has and what skills it needs, but also who on the committee is interested in learning those skills. You can make developing these an organisational objective.

<u>PLANNING</u>
Setting aims and objectives
Writing a mission statement
Devising policy
Writing a Strategic Plan
Monitoring and Evaluating Progress
Appraising Outcomes

<u>INTERPERSONAL SKILLS</u>
Speaking in committees
Active listening
Note and minute taking
Reading and using written information
Chairing meetings
- Decision making as part of a group
- Summarising discussions
- Setting agendas

Leadership skills

<u>KNOWLEDGE OF THE ORGANISATION</u>
Its work
- Any qualifications that are needed – teaching, child care, social work, advice giving etc.

Its beneficiaries
- Their language, culture, needs

<u>LEGAL SKILLS</u>
Contracts and leases
Equal Opportunities/Equality
Charity law and governing documents
Company law
<u>SPECIALIST SKILLS</u> e.g. publishing

<u>FINANCE AND RESOURCE MANAGEMENT</u>
Costing Projects
Budgeting
Book-keeping
Understanding Management Accounts
Monitoring cash flow
Investing assets and excess cash
Business planning
Insurance
Managing a building
IT
Health and Safety

<u>FUNDRAISING AND PROMOTION</u>
Reading and filling in application forms
Negotiating grants
Finding new donors and supporters
Organising fundraising activities and events
Liaising with the media and getting publicity
Dealing with local government
Dealing with central Government
Lobbying and campaigning
Marketing the organisation

<u>MANAGING PEOPLE</u>
Managing staff and volunteers
Employment law and practice
Motivating staff, volunteers, supporters and donors
Recruitment Procedures
Negotiating
Discipline and grievance procedures

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Policies

Your policies are your written guides to how the organisation; its committee, staff, volunteers, members and users will act in particular circumstances. It is important to have these policies in place because:

1. They may be required by law and your funders

2. They help the organisation be more effective by providing staff and volunteers with a guide as to the correct way to act in certain situations. This means your service is more likely to be consistently to the same standard. This can also reduce conflict and uncertainty in the organisation improving morale.

3. They are also a chance for your organisation to publicly explain its values and ideals, particularly in how it treats staff, volunteers and service users. This can help build a particular culture within your group that puts into practice the ideals that founded it and ensure the organisation keeps to those ideas when the founders have moved on.

As with the list of skills this is meant to be a tool to help you understand the range of policies that could be required and to help you develop your own ideas. As a starting organisation you won't have any of these, but don't worry.

Task Set aside time in one management committee meeting to review this list. Decide which policies cover activities you are currently, or will soon be carrying out and do not currently have a policy for. Then contact one of the sources of information at the end of the pack (including BCVS, all their policies are on their website). They will often be able to help you write the policy, perhaps even provide a model for you and explain how the policy should be implemented.

Review this list at least once a year to ensure that your activities are all covered by a suitable policy.

HINT

If you are given a model of a particular policy do not simply agree to adopt it in the committee meeting. Instead take time to look at the model and adapt it to your group's needs. A model is a good starting place but may not meet all the demands of your group. Also think about how you will implement the policy and how you will check to see that it is working. If your organisation ever becomes involved in a dispute and is shown to have inadequate policies in place or to have failed to follow its own policies because of lack of training, understanding or ability then you could well lose the dispute, at cost to your group's time, money, morale and reputation.

Committee member/Trustee policies;

- ❑ Role description for general member and any officer, e.g. Chair
- ❑ Code of Conduct
- ❑ Recruitment and Induction policy
- ❑ Declaration (to show person is not disqualified from being a member)
- ❑ Fit and Proper Person test (for tax purposes, see HMRC)

Equal Opportunities Statement and policy that covers;

- ❑ Clear statement of commitment and opposition to discrimination
- ❑ Dealing with discriminatory actions (as defined by the Equality Act) or other personally abusive actions by staff, volunteers, users, members, committee members and visitors
- ❑ Staff and Volunteers: Fair and open recruitment process and clear statement of their working conditions within the organisation
- ❑ Recruitment of ex-offenders and use of criminal record checks
- ❑ Management Committee: Clear and open appointment process and rules for conducting meetings that respect rights of individuals and moral and legal duties of the committee.
- ❑ Membership: Statement of the conditions and rights of membership

Financial control policy that covers;

❑ Financial Decision Making	Who makes which decisions
❑ Budgets	How they are drawn up, budgetary controls, how variances (expenditure or income above and below budget) are dealt with
❑ Expenditure	Who can authorise it and how much
❑ Cheques/on line banking	Who can sign them and for how much
❑ Cash	Who holds cash, how much can be held at one time, how expenses are recorded
❑ Record keeping	How long, where and who has access to it
❑ Reserves policy	

Health and Safety;

Requirements that need to be followed for premises, staff, volunteers and children; including first aid and what to do with children who are unwell. If you provide food, being sure to check on dietary requirements and a policy governing food preparation and hygiene that requires those who prepare food to be suitably qualified.

Personnel policies that cover;

Many of the policies below will be covered within a single contract of employment contract. You can obtain a model version from BCVS.

- ❑ Background checks on those working with children and vulnerable adults
- ❑ Compassionate or discretionary leave
- ❑ Confidentiality of information and data protection

- ❑ Duties of post – often refers to an attached job description
- ❑ Employee and employee name
- ❑ Health and Safety – often refers to a separate policy
- ❑ Holiday and leave entitlements
- ❑ Hours of Work including flexible working
- ❑ Outline of disciplinary & grievance procedures – often refers to a separate policy
- ❑ Other employment
- ❑ Pay details
- ❑ Parental entitlements
- ❑ Place of work
- ❑ Pension schemes
- ❑ Probationary period
- ❑ Public duties
- ❑ Rights to join a union
- ❑ Sickness entitlements
- ❑ Termination

Many of the procedures governing employee and management relationships and behaviour listed below would be covered by a staff handbook. Again contact BCVS.

- ❑ Access to training
- ❑ Arrangements for supervision and appraisal of staff
- ❑ Bullying and Harassment
- ❑ Code of Conduct
- ❑ Expenses procedures
- ❑ Process for applying for and recording annual, parental, compassionate leave
- ❑ Process for applying for and recording sick leave
- ❑ Recruitment and Induction of employees
- ❑ Redundancy procedures
- ❑ Relationship between management committee, managers and union
- ❑ Structure for staff disciplinary and grievance procedures
- ❑ Timekeeping including flexi-time and flexible working
- ❑ Whistle blowing

Premises Management policy that covers;

- ❑ How premises are to be used
- ❑ Who can and cannot use them
- ❑ How premises are to be secured including access to keys
- ❑ Who is responsible for cleaning
- ❑ What are the Health and Safety requirements (maximum numbers, fire exits)
- ❑ Procedures for taking bookings, deposits
- ❑ Who is responsible for arranging insurance for building and people within it
- ❑ Who is responsible for checking that the building is accessible

Service delivery policies;

This list covers different policies for the different aspects of your organisation's delivery of services;

- ❑ **Complaints Policy**
  A policy covering users and the general public that is accessible to all who want it.
- ❑ **Conflict of Interest**
  For staff, volunteers and committee members defining conflicts, how to declare and record (on a form and verbally when relevant) and how they will be managed.
- ❑ **Data Protection and Client Confidentiality policy**
- ❑ **Evaluation policy**
  Evaluating the organisation's services and receiving up to date feedback from users and those caring for users.
- ❑ **Opening hours**
  When the organisation's services are available, whether the organisation can be closed (for maintenance) and who decides it, what happens if a worker does not arrive for a shift, contingency plans (e.g. bad weather, power failure, fire/burglary)
- ❑ **Outside contacts**
  Who can negotiate or speak on behalf of the organisation and talk to the media
- ❑ **Safeguarding policy**
  Including rules governing behaviour and appropriate handling of children and vulnerable adults (as appropriate)
- ❑ **Standards of service**
  - o How much work is to be done and to what standards,
  - o How quantity and quality are monitored,
  - o What happens if work does not meet the required standards
  - o What activities, goods, services or facilities will be charged for and price
- ❑ **Stock control**
- ❑ **Use of IT and Equipment Policy**
  Who can use, safety/security regulations, responsibility for repair & maintenance
- ❑ **Working methods and procedures**
  Who does what, when and how, job boundaries, who is accountable to whom including a clear and up to date organisational chart

Volunteer policy;

Volunteers are vital for voluntary groups and should be treated fairly and valued. You will need separate policies to those for staff, or explicit clauses in such policies, to avoid the law or HMRC treating them as staff, covering:

- ❑ Job roles
- ❑ Recruitment and induction
- ❑ Expenses (only pay for those that are a result of volunteering such as travel)
- ❑ Support and supervision
- ❑ Training (paying for training relating to their volunteering role)
- ❑ Insurance and Health and Safety
- ❑ Termination
- ❑ Dealing with disputes

Contacts

Bournemouth Council for Voluntary Service (BCVS)
Boscombe Link
3-5 Palmerston Road
Bournemouth
BH1 4HN
Telephone: 01202 466130
E-mail: contactus@bournemouthcvs.org.uk
Website: www.bournemouthcvs.org.uk

BCVS is a registered charity run by its membership of 150 voluntary and community organisations. We are non-profit making and are independent of both national and local government. We aim to strengthen Bournemouth's voluntary organisations by providing services to meet their needs. We bring together voluntary groups to develop a collective voice and influence policy makers. We promote and encourage volunteering. We support and develop voluntary groups and organisations, in order to promote equality and tackle social exclusion. We have a range of services and facilities available including: e-alerts, list of local groups and venues, equipment loan and photocopying, organisation set up and help, volunteering, training and events.

Bournemouth Borough Council
Community Development
Town Hall
St Stephens Road
Bournemouth
BH2 6EB
Telephone: 01202 451165
Web: www.bournemouth.gov.uk/PeopleLiving/CommunityInformation/CommunityDevelopment.aspx

The Community Development Team delivers on community engagement, community development and empowerment, as part of the Council's priority on "Community Action". The work of the team revolves around:
- Supporting community and voluntary organisations – particularly with advice and support on funding projects.
- Developing communities through our neighbourhood working programme – creating better partnership working and community involvement at a neighbourhood level
- Encouraging community engagement through supporting area forums, residents associations etc.
- Supporting local community associations to manage the seven community centres across the town.
- Promoting and valuing diversity through working with all new communities and faith groups across Bournemouth.

Their webpage gives information about grants available from the borough council and you can download their Community Action Pack which contains information on useful issues such as the roles of a committee, funding for a group, budgeting, training and much more.

Charity Commission
Tel: 0845 300 0218
Website: www.charity-commission.gov.uk

The government department responsible for registering and monitoring charities. Its website provides a wide range of information on setting up and running a charity. A good place to start is: www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/how-to-set-up-a-charity-cc21a/

Community Accountancy Self Help
1 Thorpe Close
London
W10 5XL
Tel: 020 8969 0747
E-mail: tom@cash-online.org.uk
Website: www.cash-online.org.uk

Provides basic financial skills needed to run successful voluntary organisations.

CIC Regulator
Room 3.68
Companies House
Crown Way
Cardiff
CF14 3UZ
Telephone: 029 2034 6228
E-mail: cicregulator@companieshouse.gov.uk
Website: www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies

To set up as a Community Interest Company you must apply to the Regulator at the same time as Companies House. As well as sending financial details and lists of the directors to Companies House you must write an annual report for the Regulator.

Companies House
Crown Way
Cardiff
CF14 3UZ
Tel: 0303 1234 500
E-mail: enquiries@companies-house.gov.uk
Website: www.companieshouse.gov.uk

If you want your group to have a company structure, then it must be registered with Companies House. You will have to send financial details and lists of the directors.

Co-operatives UK
Holyoake House
Hanover Street
Manchester
M60 0AS

Tel: 0161 214 1750
Email: www.uk.coop/contact
Website: www.uk.coop

Co-operatives UK is the national body that campaigns for co-operation and works to promote, develop and unite co-operative enterprises. It can provide advice, help and support on setting up new co-operatives.

Directory of Social Change (DSC)
24 Stephenson Way
London
NW1 2DP
Tel: 020 7391 4800
Fax: 020 7391 4808
Email: enquiries@dsc.org.uk
Website: www.dsc.org.uk

DSC helps voluntary and community organisations to thrive through training, publications, websites, conferences, etc. on how to raise the money they need, how to manage their resources to maximum effect, how to influence the right people, what their rights and responsibilities are and how to plan and develop for the future. It also speaks out on issues affecting the sector through the media, public platforms and membership of government and advisory groups working for and within the sector.

Disclosure and Barring Service (DBS)
DBS customer services
PO Box 110
Liverpool
L69 3JD
Information line: 0870 90 90 811
Email: customerservices@dbs.gsi.gov.uk
Website: www.gov.uk/government/organisations/disclosure-and-barring-service

The government body (formerly CRB) responsible for providing criminal background checks on employees, volunteers and trustees/committee members. NB you have to have the right to request such a check, the DBS website explains this.

HMRC
Charities Correspondence S0708
PO Box 205
Bootle
L69 9AZ
Tel: 0300 123 1073
Website: www.hmrc.gov.uk/charities

HMRC is responsible for ensuring that organisations pay all the tax that they owe. As the situation with charities can often be confusing they have set up a specific charities department that you can contact. They also provide advice on how charities can reclaim tax on donations that they receive from individuals.

Institute of Fundraising
Park Place
12 Lawn Lane
London
SW8 1UD
Tel: 020 7840 1000
Email: enquiries@institute-of-fundraising.org.uk
Website: www.institute-of-fundraising.org.uk

The professional membership body for UK fundraising. They support fundraisers through leadership, representation, standards-setting and education, and champion and promote fundraising as a career choice. They offer membership, training, events and detailed legal guidance and good practice on all aspects of fundraising.

National Council for Voluntary Organisations (NCVO)
Regent's Wharf
8 All Saints Street
London
N1 9RL
Telephone: 020 7520 2414
Email: ncvo@ncvo-vol.org.uk
Website: www.ncvo-vol.org.uk

NCVO is the umbrella body for the voluntary sector in England. It works to support the voluntary sector and to create an environment in which voluntary organisations can flourish. NCVO represents the views of the voluntary sector to policy makers and government and consults with the sector to inform its policy positions on issues generic to the sector. It also carries out in-depth research to promote a better understanding of the sector and its activities. Services offered by NCVO include, policy briefings, information networks, events and a wide range of publications, including good practice information on everything from trusteeship to employment law and volunteers.

Social Enterprise UK
The Fire Station
139 Tooley Street
London
SE1 2HZ
Telephone: 020 3589 4950
Email: info@socialenterprise.org.uk
Website: www.socialenterprise.org.uk
The main representative body for social enterprises that provides information, advice, guidance and campaigns.

Other Sources of Information

There are many different sources of information for people interested in starting up and running voluntary organisations. We have listed a few of the ones we have found most useful and relevant.

BOOKS

Russell-Cooke Voluntary Sector Legal Handbook 3rd Edition
Sandy Adirondack and Russell-Cooke, 2009
Published by Directory of Social Change
ISBN 978 1 903991 87 9
An extremely comprehensive book addressing all aspects of the law that voluntary sector organisations may encounter, from legal structures and charity law to employment, data protection and health and safety. Sandy Adirondack also provides updates on her website as the legal position changes (see below).

Just About Managing / Voluntary but not Amateur
Published by Directory of Social Change (see above)
ISBN 978 1 872582 86 3 / 978 1 906294 07 6
Two good introductory books covering the basic concepts behind management for voluntary organisations and matters of good practice.

Directory of Social Change / National Council for Voluntary Organisations
Both of these organisations produce a wide range of books covering everything from good practice of the management committee to employing staff to managing projects and fundraising and are well worth looking at to find a book that covers a particular issue in depth. Their contact details are above.

WEBSITES

Many of the organisations in the Contacts section have a website, including BCVS. These websites often have a great deal of information that you can freely read and download covering all aspects of managing a voluntary organisation. In addition you may wish to look at the following sites which cover particular issues.

www.volresource.org.uk A free online resource aiming to make it quick and easy to get to useful information on anything to do with running a voluntary organisation (whether a community group, charity or other non-profit body).

www.gov.uk/business This part of central government's website gives a lot of initial advice on setting up and running a business. Although mostly aimed at private sector businesses it has a lot of pages applicable to voluntary organisations such as employing people, health and safety, etc.

www.open4community.info/bournemouth/Default.aspx Funded by the borough council is free for local groups to search for possible funders.

www.fundingcentral.org.uk A free resource for charities, voluntary organisations and social enterprises to find grants, loans and contracts. Also has tools and information to help groups develop a sustainable income strategy.

www.sandy-a.co.uk Sandy Adirondack is a freelance management consultant and trainer working exclusively in the voluntary/not-for-profit sector. This site includes a legal update service which will help you keep up with changes in the law. There are direct links to government guidance, regulations and the legislation itself

www.getlegal.org.uk Provides expert advice on legal structures and issues such as governance for charities, social enterprises and co-ops. Includes a decision tool.