

New Groups' Guide To Starting Up



This is a beginners guide to setting up a voluntary or community group, containing information to assist you in becoming an effective organisation.

Introduction

Everest wasn't conquered in a day!

If you were going to climb Everest where would you start? Not at the top, but at base camp. When starting a group you could be described as at base camp, or in group development terms, at 'start-up'. This guide will map its way up the group development slope from start-up to 'Camp 2'. It contains the information and resources you need to embark upon a successful journey towards a more efficient and effective community group / voluntary organisation.

The journey up Everest starts at base camp and then travels via camps 1 and 2 in the initial stages and then on to 3 and 4, before the final push towards the summit. You might not be aspiring to conquer the lofty heights of Everest, but this guide can be an essential tool in enabling you to achieve your aims and aid your progress towards reaching the goals of your chosen community group.



Route Plan

Final Stages -

Where To Go From Here

Page 19

Camp 2 -

Progress So Far

Pages 17 - 18

Stage 2 -

Legal Status - what type is suitable for you?

Pages 13 - 16

Stage 1 -

Getting a Committee Together

Pages 7 - 12

Camp 1

Base Camp - Starting the Group - Pages 3 - 6

Base Camp

Starting the Group

Why are you starting the group?

Are you starting the group because of a local issue? Will you be offering a service to the community solely for the benefit to its members, or is it a local branch of a national or international charity? You need to think about what you want to achieve and what the 'aims' of the group/organisation are.

Who will be in it?

Have you already interested local people in the idea/activity/issue? If it is a service you are going to offer, have you identified a specific group of people you are going to work with? Also if you are going to work with several groups eg older people, children and young people, then you need to think carefully about any possible conflict of interest.



Where will it take place?

What area are you going to cover? Will it be an estate in Wakefield or covering the whole of Wakefield District? As you are just starting out, be realistic as to how much you can achieve if you only have a few people to run the group. Also, you may want to be a local branch of a national organisation and so need to consult them as to where the group/activity should take place as there may already be a branch in the next town and you might be duplicating services.

Are you overlapping with other groups?

You need to do some research and find out if other groups are already operating in your area, e.g. if there is a Neighbourhood Watch in the next street, or a luncheon club already operating at the community centre. Funders will be looking to see if you are duplicating services. It can be difficult to get volunteers on board if they are already volunteering for a similar project. Additionally the Local Authority and Primary Care Trust may already be supporting a similar project to the one you are proposing, so it is important to check this out before you start your group.

The answer might be to work in partnership with other groups or organisations...

Your ideas might be a welcome addition to a group/organisation that is already doing similar activities to the ones you propose. Alternatively you could work together to develop something new in your area or perhaps share premises as this would benefit both groups.

Preparing For The Journey (things you need to do)

Getting Support

Do you know who wants to be involved? Talk to neighbours, parents at school, church and community centre members. Try to do some initial advertising like a simple poster or leaflet in the areas you want to target e.g. school, library, community centre or local shops. Try to hold an informal public meeting to explain your ideas and generate interest. Think about what venue to use and what might be the best time of day.

Developing Ideas/Aims and a Plan

Once you have got people interested then you need to get together to think about the goals/aims of the group and how to achieve them and share out the tasks. This way everyone can have a say and feel involved in the group from the very start, so that no one person feels as if they have to do all the work. It may take more than one meeting to agree on the aims and objectives but once this has been agreed you can then concentrate on writing an action plan. The plan does not have to be a lengthy report but sets out what you want to achieve, how you are going to achieve it, by whom, by when and who will benefit. **Voluntary Action Wakefield District** can give you support looking at aims and objectives if you need it - see page 20 for contact details.



Stage 1

Getting a Committee Together

To run your group efficiently you will have to form a Management Committee (sometimes known as the Executive Committee), which is made up of the **Chair, Secretary, Treasurer, Vice Chair** and other executive members. The management committee is the group of people who are ultimately responsible for the running of the group/organisation. It manages the group's affairs on behalf of the members and is answerable to them. The committee members have a responsibility to work together and to take decisions and share the responsibility for these decisions and actions.

If your group/organisation becomes a registered charity, the committee members will then also become trustees of that charity. Most groups/organisations who set-up do not need to have charity status as the constitution provides the recognised legal status - more on this later.

The overall aims of the group/organisation are listed in the constitution, with the committee responsible for putting them into effect.

The work of the committee will include:

- meeting regularly and ensuring members are kept informed of dates/venues
- managing finances, agreeing a budget, and a fundraising strategy
- making sure the organisation is properly insured and also stays within the law
- managing volunteers and employees (if applicable) and ensuring appropriate policies are in place; also developing other policies, eg Health & Safety and Equal Opportunities
- monitoring and evaluating projects and activities.

In order for an organisation/group to be managed well, committee members need:

- a shared vision and agreement about why the organisation has been set-up
- clear roles, responsibilities, short and long term goals
- a willingness to work together, plan projects and set targets.



Officer Roles of the Management (Executive) Committee

Most committees will include members who have special responsibilities and roles including a **Chair, Vice Chair, Secretary and Treasurer**. It is important that members who take up these roles understand their positions and the responsibility that goes with it.

The Chairperson

- prepares the agenda and any papers for meetings (often with the Secretary). Committee members may need information in advance of meetings
- chairs committee meetings and Annual General Meeting
- has an overview of the organisation and its work, represents the group and speaks on its behalf
- keeps the organisation on the right lines, supports and encourages other members and helps resolve conflict.

NB: It's a good idea to have a **Vice-Chair (VC)** who can step in if the Chair is away or ill. However, a member of the committee can step in if the group does not have a VC.

The Chair has two main tasks:

- make sure the business of the meeting is complete
- encourage members to work together so that they feel as if they have achieved something.

The Chairperson should be able to:

- clarify, explain, lead, control and summarise
- be objective and unbiased, formal when appropriate, avoid taking over
- explain points and items where necessary, be prepared to alter the order of the agenda, make sure everyone has the chance to speak
- discourage separate discussions
- ensure that all members know what they are voting for
- regularly sum up what has been decided and check that everyone is in agreement
- set the tone by being friendly but businesslike, and end on a positive note.

The Secretary

The tasks of the Secretary may include the following:

- prepare and circulate the agenda (with the Chairperson)
- provide committee members with any required information prior to the meeting
- take, write and circulate minutes, write letters on behalf of the organisation (to be checked and signed by Chairperson), produce a written annual report
- keep copies of minutes and the organisation's constitution in a safe place
- ensure the organisation has adequate insurance
- book rooms, arrange meetings, receive correspondence and report to the committee.

The Treasurer

The tasks of the Treasurer may include:

- keeping accurate, up-to-date financial records and producing end-of-year accounts. This could mean arranging for an external examination of records in line with the group's constitution
- communicating with the bank and ensuring that statements are regularly received. These should be reconciled with the cash/receipt book and kept safely
- keeping cheques and mandates up-to-date, and putting an understandable system in place for petty cash claims
- making sure that bills are paid promptly and all income is banked on a regular basis
- being able to give an accurate account of the group's financial position at any given time
- preparing an annual budget for the committee and to report at the AGM on the end of year accounts
- ensuring that funds are spent in line with the group's objectives and that the money can be seen to have been used correctly
- keeping an inventory of all equipment.

Not the Treasurer's job:

Although the Treasurer is responsible for preparing a draft budget and reporting regularly, the full committee have a responsibility to:

- agree the budget and allocation of money
- make grant applications
- chase committee members for receipts.

Rules about money:

- The organisation/group should have a separate bank account - never pay money into a personal account
- Cheque books, petty cash and account books should be kept in a secure place
- Cheques should be signed by at least two people. It is prudent to have three signatories as one may not be available. Relatives should not be signatories. Cheques should not be signed by the person to whom the cheque is payable
- Where possible make payments by cheque and not cash. Never sign blank or partly completed cheques. Always get a receipt for payments made
- Do not pay bills without an invoice. Each bill should be filed with the date and associated cheque payment number on it
- Pay all cash and cheques into the bank and keep a record of the date and amount paid in. Give a receipt for any money received.

You have now reached Camp 1.

With a committee in place you are ready to think about your legal status, and continue the journey towards **Camp 2...**



Stage 2

Legal Status - what type is suitable for you?

This part of the journey involves establishing your legal standing with regard to 'governance'. Voluntary organisations in England have a choice about what legal status to adopt. In the eyes of the law an organisation is either:

- a collection of individuals working together - an *unincorporated association*
- or
- a body with separate existence from the individuals belonging to it - a *corporate body* (limited company).

Unincorporated Associations

There are different types of legal status but for most small groups starting up a *constitution* (set of rules) provides the appropriate legal status. Most community groups starting up begin as unincorporated associations, and may stay that way, particularly if they are small. This means that they can decide for themselves how to run the group, agreeing the aims and basic rules so that everyone is clear how it will run and be managed.

The law looks on an unincorporated organisation as a collection of individuals which means it cannot in its own right:

- hold property
- enter into contracts
- take part in a law suit.

Its officers and committee members have to do things as individuals. If the organisation ends up owing money, they can be personally liable to meet any debts from their own pockets. This is called unlimited liability.

Charitable trusts, friendly societies, registered charities which are not also registered as companies, and unregistered voluntary and community associations (small groups) all have the legal status of an unincorporated association.

Trusts

A charitable trust is a special kind of unincorporated association, set up to administer money or property (or both), and which will usually be registered with the Charity Commission. Many trusts administer charitable bequests. Some voluntary organisations choose to have trusts to hold property for them, or to administer large amounts of money.

A trust is set up by a legal document called a trust deed. A model trust deed can be obtained free from the Charity Commission.

A trust is unincorporated and trustees are personally responsible for its actions and liable if it runs into debt. There are ways of limiting this, but it is advisable to seek legal advice when the trust is set up.

Friendly Societies

Unincorporated associations with a benevolent or charitable purpose can register under the Friendly Societies Act. This has two main advantages:

- they hold property through trustees, but avoid any legal problems when trustees resign or die
- they can have charitable status without needing to register with the Charity Commission though for tax purposes they need to submit their draft constitution to the Charities Division of the Inland Revenue.

Friendly Societies have to follow the Act over the contents of their rules, accounts and audit. They are accountable to the Registry of Friendly Societies and there is a registration fee.

Companies Limited by Guarantee

A company limited by guarantee does not have shares or shareholders, and cannot distribute profits. Instead its members, who pay a subscription, are each liable for a limited sum if the company is wound up (the guarantee). The members elect a board or a committee or directors and can remove them, but the board has day-to-day control of affairs.

A limited company's rules are set out in a legal document called the Memorandum and Articles of Association. This must be carefully drafted, preferably with legal advice, because the company has no power to do anything not covered in it. A model *Memorandum and Articles of Association* for a charitable company can be obtained from the Charity Commission (see page 20 for contact details).

The Companies Act lays down rules about accounts, annual general meetings, and audit.

Information about registering a company limited by guarantee can be obtained from The Registrar of Companies at Companies House (see page 20 for contact details).

Industrial and Provident Societies

These include co-operative societies for the mutual benefit of members, but also non-profit making organisations for the benefit of the community if they are carrying out an industry, business or trade. They must give all members an equal say in the running of the society. The society has corporate status, and can have share and loan capital, but must pay only moderate interest on any loan capital. Industrial and Provident Societies for the benefit of the community cannot register with the Charity Commission, but must register with the Registry of Friendly Societies. They can apply to the Inland Revenue Charities Division to be classed as charitable for tax purposes.

Charitable Status

Charities are exempt from most forms of direct taxation, and from stamp duty on legal documents; the non-domestic rates on their property are reduced by 80%, and some sources of funding are only available to registered charities.

An organisation can only register as a charity if the Charity Commission accepts that its aims or purposes are charitable. This can be ascertained by writing to them (see page 20 for contact details).

Camp 2

Progress So Far

So, we have arrived at Camp 2 and are ready to advance towards our goal at the summit. In the preceding sections we looked at starting-up and what you need including preparation, members, venue etc. We also discussed checking for duplication of other groups' work, getting support from the community and developing your ideas, aims and a plan.

Stage 1 covered getting a committee together and what this entails, with a description of the officer involved - such as Chair, Secretary, Treasurer etc.

Stage 2 looked at legal status and what type would suit your group e.g. trusts, friendly societies, companies limited by guarantee etc.

The checklist opposite summarises all of these, plus other relevant factors to be considered.



Checklist - *have you considered:*

1. What you want to achieve and why you are starting up?
2. Who you need to get on board from the local community?
3. Who your target audience is?
4. Who will benefit?
5. Where will the project/activity take place (in which area)?
6. Whether your group is a local branch or part of a national body?
7. Whether you are duplicating the activity or service of other local groups?
8. Whether you could work in partnership with other groups?
9. Whether you could get help from others - schools, churches etc.?
10. How to plan your ideas/aims?
11. Who will be in your committee and whether they know what will be required of them?

Final Stages

Where To Go From Here

This journey is continued in the second booklet of the *New Groups' Guide to Starting Up* - 'Project Planning'.

This will cover:

- Outlining your project
- Deciding outcomes
- Identifying the need
- What to include in your project budget
- What funders are looking for in your project
- Evaluating your project

Other toolkits available from Voluntary Action Wakefield District include:

New Groups' Guide to Starting Up - Project Planning

Do it Yourself Fundraising

Involving Volunteers in Your Organisation

Safeguarding Children and Vulnerable Adults (*Spring 2009*)

Changes in Charity Law (*Spring 2009*)

Contacts

Voluntary Action Wakefield District (VAWD)

Tel 01924 367418

Web www.vawd.org.uk

Pay & Employment Rights Service (PERS)

Tel 01924 428033

Advice Line 01924 428030

Web www.pers.org.uk

West Yorkshire Community Accounting Service (WYCAS)

Tel 01484 543251

Web www.wycas.org.uk

fit4funding

Tel 01924 239063

Web www.fit4funding.org.uk

The Charity Commission

Tel 0845 3000 218

Fax 0151 7031 555

Web www.charity-commission.gov.uk

Post PO Box 1227
Liverpool L69 3UG

Companies House

Tel 0870 3333 636

Minicom 02920 381245

Email enquiries@companieshouse.gov.uk

Web www.companieshouse.gov.uk

Post Companies House
Crown Way
Maindy
Cardiff CF14 3UZ



LOTTERY FUNDED

In association with:

PERS

Pay and Employment
Rights Service



Publication by:



11 Upper York Street
Wakefield WF1 3LQ

Tel - 01924 367418

Email - ask@vawd.org.uk

Web - www.vawd.org.uk

Charity No: 516150

Company No: 01878287

Produced December 2008