

Starting and running community groups

A guide for small community groups in Southampton

Southampton City Council Communities Team



This guide has been produced for use by community groups in Southampton or by anyone who may be interested to start up a new group. The guide aims to give clear, straight forward help and information. It covers a wide range of issues, from legal and insurance requirements to advice on how to work with volunteers.

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Getting Started

Overview

This guide has been written for people who have decided to set up a formal community group. Each section will try to give you a basic outline of what is required and how you might go about achieving this. Examples of forms and further information can be found at the end of this guide.

To begin you need a group of people who support the project. Some of whom should be willing to form a committee, work together on the processes of establishing the project and obtaining the necessary funding. A committee can be defined as a group of elected representatives who help to run the group and ensure that it meets its aims and objectives. Ideally, about six people would volunteer to make up an interim steering committee until the group gets off the ground and can hold elections for the actual committee. It is essential that people understand the time commitment which might be involved and that they are actually free to undertake this work. It is also important that they understand the duties and responsibilities of any specific role to which they may be elected.

First Steps

Before you set up a group, think of those things:

- What the group aims to achieve
- How the group will achieve these aims
- Who will benefit from the group
- What geographical area the group will cover, or who can become a member
- Does such group already exist (in which case you can just join this group as a member); is there already a group in the area that will meet your needs?
- Do you think there is enough interest/need in the community for such a group?

There are many different groups that you can set up, such as residents associations, groups of interest – such as singing groups, sport's clubs, women's groups, knitting groups, cultural associations – e.g. Afghan women's groups, etc.

Once you have an idea what kind of group you would like to set up, the next step is to find people who share the same interest, and would like to become involved in the group.

It is also a good idea to promote the initiative in the local community centre, post office, place of worship, library or local newspaper, explaining what kind of group you would like to set up.

Once you have gained interest in your cause, you should:

1. Hold an initial meeting which should be advertised as widely as you can (preferably for 21 days before the meeting), to get more interest. At the meeting you should:

- All agree to set up a group

- Give the group a name
- Agree the aims of the group
- Identify key people for specific committee roles: chair, vice-chair, secretary, treasurer, publicity officer, funding officer, lettings officer, etc. Chair and treasurer are vital, as without them the group cannot function; the secretary is also very important, but the group could function without one for a while – you can get more information from either Communities Team: communities@southampton.gov.uk or telephone 023 8083 2101/2865/3197 or SVS: information@southamptonvs.org.uk , telephone 023 8022 8291
- Decide on committee members, and on group members
- Agree and sign a group constitution
- Decide who will do what
- Agree to open a bank account and who will be the signatories for the cheques (two to four people)

2. Constitution:

- Write a constitution that all members agree on - make sure that as many people as possible read through the constitution and have a chance to give their comments before the launch meeting
- Sign a constitution at the launch meeting: signing can be postponed to the next meeting, if there are changes suggested at the meeting
- Make copies of the constitution which you can send out with your funding applications - make sure that you always keep the original, signed constitution in your files

3. Policies:

Talk to local community worker/project officers about other policies your group should have in place:

- Safeguarding Children Policy
- Equal Opportunities Policy
- Health and Safety Policy
- Safeguarding Vulnerable Adults Policy
- Code of Conduct for the group

Those will vary depending on the work your group does

4. Finances

- Open up a bank account
- Make sure that treasurer gets training in book keeping/accountancy if necessary
- If you want membership fees agree on how much you want to charge
- Apply for funds so you can start planning activities
- Treasurer should prepare a statement for every group meeting – informing everyone of the exact financial situation of the group
- Look for insurance specialists/providers
- Treasurer prepares a report for group's annual general meeting

5. Meetings

- Agree with the managing committee to meet on regular basis (at least 4x times a year) – write the number of yearly meetings in your constitution

- Ensure you keep written records of meetings as evidence of an active community association (minutes)
- Make sure that a sign-in sheet and an agenda are set up for every meeting
- Find a place/venue where you can meet regularly
 - make sure that the venue is suitable for people with disabilities or mobility problems

6. Decide who will do what?

- Make sure the members get involved in the work of the group. It is very important that everyone has a role to play in the group. Often, few group members do all the work, and as soon as they leave, the group disappears

7. Administration

- Set up a database with the names and contact details of all members
- Agree on the way group members should be informed, when the next meeting is, or of any activities organised by the group: you want to encourage the members to contribute to the work of the group. You can produce a newsletter or leaflet, send emails, post the notes from the meeting, etc.
- Agree on how to advertise the group activities (organise volunteers to do the publicity)
- Produce a headed paper, with the group's logo (if possible) for all the future correspondence
- Set up a website

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Committees

This section provides an overview about committee members and their roles and responsibilities.

A committee is a group of elected representatives who help to run a group; made up of minimum 3 people, although recommendation would be 6 persons, who usually come together on a monthly or bi-monthly basis to discuss the running of the group in accordance with their constitution. Decisions are made by discussion through a majority vote. Meetings should be recorded and this is done in the form of taking minutes/notes.

Main Roles

The Chairperson:

- Runs meetings
- Ensures that everyone is heard, that the agenda is followed and decisions are made
- Keeps time at the meeting

The Secretary:

- Informs the group about meetings

- Takes minutes, writes them up and liaises with the Chairperson for approval and then distributes them
- Notifies members of meetings and sends the agenda out with minutes
- Ensures that all decisions are recorded
- Keeps a record of attendance and membership
- Assists the Chairperson with paperwork and all correspondence
- Organises annual general meetings

The Treasurer:

- Is responsible for the group's money

You can find more information on page 10.

Committee Members are:

- Responsible for decisions on how objectives have been met and how money is spent
- Responsible for ensuring that an annual general meeting is held and that all members and interested parties are invited

Optional Posts:

The Minute Secretary:

(Sometimes the Secretary will undertake this role but if a member is willing to do this work, s/he can undertake some of the work of the Secretary.)

- Keep an accurate record of meetings
- Takes minutes, writes them up and liaises with the Chairperson for approval
- Distributes minutes, agenda and notice of next meeting

The Vice Chairperson:

- Deputises for the Chairperson

The Membership Secretary:

- Keeps details of current members and if appropriate, works towards increasing membership

The Fundraising Co-ordinator:

- Takes the lead on funding issues

Lettings Officer (If responsible for a building or equipment)

- Ensures all bookings for centres are recorded
- Ensures wall diary is filled in (if applicable)
- Keeps a diary of bookings and inform the person who opens and closes the building
- Issues receipts for money received and ensure that hiring agreement is signed prior to usage
- Keeps a record of any money received
- Passes on cheques and cash for bookings to the Treasurer at least monthly
- Produces monthly report for the committee
- Checks hall for damages and mess following private bookings

Publicity Officer:

- Takes responsibility for publicising the group, the events and members

- Liaises with the chair person to promote the group
- Produces publicity to advertise group's activities
- Helps develop website for the group
- Builds a list of local media contacts
- Produces press releases/ articles to promote and publicise the group through the media
- Invites the press to attend group's events
- Keeps a record of all press cuttings, radio and TV coverage
- If unable to attend the committee meeting, send a written report to the secretary

Committee Meetings

It is normal practice to have at least three people present at committee meetings. Members must be present at a meeting to make decisions. The minimum number is known as 'quorum' and this information should form part of the constitution

If the chair person is not present at a meeting, a temporary chair person can be elected by those present.

The first formal open meeting of the group is called an inaugural meeting. A year following the inaugural meeting will be the Annual General Meeting which will then take place yearly from then on.

Annual General Meetings (AGM)

An annual general meeting (from now on AGM) is held once a year. The purpose of the meeting is to:

- Report on the work of the group over the last year
- Elect the committee for the next year
- Make any changes to the constitution
- Notice should be given of the AGM – one group's constitution will tell how far in advance to do this
- Members should be sent an agenda
- Copies of the annual accounts, annual report and constitution should be made available at the meeting
- Ensure that the AGM is held in an appropriate accessible venue
- Extra space may be needed if non-members attend
- Possibly invite a guest speaker
- If possible, refreshments should be available e.g. tea, coffee and water

Election of Officers

Your constitution will contain the rules you have adopted for electing committee members. Prior to the annual general meeting the secretary should ask members for nominations and these need to be proposed, seconded and voted on at the meeting.

Annual Report

An annual report should contain information about the group's activities over the previous twelve months and highlight any events and achievements. The annual report can be presented by either the chair or the who ever is hosting the AGM.

Financial annual report

Treasurer draws up a financial report for the annual general meeting, and this is part of the annual report.

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Constitution

A constitution is essential for your group and is one of the first things you should do. There is a simple outline of a basic constitution at the back of this document which you could use and modify as a basis for your own. However, some groups use longer and more complex documents, so you can make up your own as long as it contains the following basic items which are the legal minimum.

Constitution should include:

Name of Group

The Group's Purpose

Including a note on the powers of the committee.

Membership

Who may be a member and what are the grounds for expulsion.

Annual General Meeting (AGM)

When should the AGM be called and what it should include. How many members must be present; annual report and accounts; election of committee; voting rights; numbers on the committee; how long committee members may serve.

Committee

How many committee meetings to be held each year; election of chair person, treasurer and secretary at first meeting; how many people must be present at each meeting (quorum); minute taking; accounts; appointment of extra committee members for specific tasks.

Money

Funds must be held in the group's bank account and all cheques to be signed by at least two committee members. They decide what the money is to be used for and what constitutes appropriate expenses. All financial transactions must be recorded.

Special General Meetings

The amount of notice to be given and reasons for holding special meetings eg. changes to constitution; number of members required to be present; notes on emergency special general meetings.

Signatures

Notes the date that constitution was adopted; includes signatures plus names and addresses of committee members.

If further advice or a constitution template is required you can get more information from either the Communities Team communities@southampton.gov.uk or 023 8083 2101/2865/3197 or SVS information@southamptonvs.org.uk or 023 8022 8291.

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Finance

Community groups that want to do activities and projects need to raise funds; they will be expected to ensure all income and payments are correctly recorded and to develop a good filing systems.

Group should:

- Open up a bank account, and file all bank statements
- Record all the income
- Record all the expenditure – keep all the receipts
- Develop a financial policy for the group (you can find a template on our webpage: http://www.southampton.gov.uk/policies/FinancePolicy_tcm63-366029.doc)
- Apply for funds so you can start planning activities
- Treasurer should prepare a financial statement for every group meeting and for the annual general meeting – informing everyone of the exact financial situation of the group. All group's financial dealings should be clear, recorded and available at any time
- Look for insurance specialists/providers

The Treasurer

- Is responsible for the group's money
- Makes sure money is being spent in accordance with constitution
- Ensures the agreement of the committee to all expenditure
- Makes regular reports to the committee
- Keeps clear financial records for funders and legal requirements
- Draws up a financial report for the annual general meeting to ensure that members can see how monies have been received and spent
- Files a copy of the accounts with Companies House each year (if the group is a company)
- Submits accounts to the Charity Commission (if the group is a charity). It is good practice to do this regardless of income

The treasurer's report shows all the money received, all the money that went out, how the money is spent and how much money is left on the account
This should then be brought to committee meetings and shared with the group.

It is extremely important that the treasurer keeps a note of the amount of any funding, donations, membership fees, etc. received. Recording what it is to be spent on; who the funders are and what period of time the funding covers. Is it a one off payment or is it part of a two or three year programme which pays a certain sum annually for the agreed period? Apart from good financial practice and legal

requirements, this information will probably be required by future potential funders. Funders often want to know about the group's current finances as part of the application process.

Bank Account

It is essential your group has a bank account. To open an account you can go into the local bank - they will give you forms to fill in.

Banks might require proof that your group is a non-profit making organisation, so make sure you bring with you either the letter from the chair and secretary of your group, the minutes from the meeting when the group agreed to open a bank account, copy of your group's Constitution or a Charity Registration certificate/Trust deeds (if group is a charity)

It is also necessary to record in the minutes which committee members are to be signatories – usually two or three signatories including the treasurer.

Those who will be opening the bank account must bring at least two forms of identification to the bank:

- Proof of identity: could be either a passport or full driving licence
- Proof of address: such as a gas bill or a building society statement but the bill must be recent, no more than three months old

Not all of the big high street banks actually have a specialist section for small community group accounts. However, some banks do have specialist staff that can help. It is worth looking for a bank account that best suits your needs. It is tempting to just go for the first bank offering free banking but it's important to check the details. Problems can arise if, for instance, one of the rules is that all signatories have to go to the bank at the time to sign money out. This can be difficult and tiresome, especially for committee members who may be working. Sometimes it can be better to pay a small annual fee to operate the account.

We cannot recommend banking providers and the following are only examples.

Alliance & Leicester Commercial Bank

They have a range of current and deposit accounts. They operate free banking with postal, phone and internet accounts as well as one which works via Post offices.

Bank of Scotland

Check the 'Not for Profit' banking opportunities.

CAF Bank (Charities Aid Foundation)

CAF offers a high rate interest current account. On other accounts even higher interest rates are available if you keep a minimum of £1,000 on deposit but some accounts are only available by post or internet.

Cater Allen Bank

This bank is part of Abbey/Santander Group. They provide high interest current accounts for charities. Contact Cater Allen at 9 Nelson Street, Bradford BD1 5AN or telephone 0800 092 3300.

Co-op Bank

They have the 'Community Direct Plus' account for community organisations, charities, voluntary organisations and social enterprises. (See their charity banking web pages: <http://www.co-operativebank.co.uk/servlet/Satellite/1193206370684,CFSweb/Page/Corporate-SocialBanking?WT.svl=nav3>) They have an ethical policy and no charges for standard banking facilities as well as postal, phone and internet accounts. Contact Co-op Bank on 020 7977 2121.

HSBC Bank

Ask at your local branch for details of any appropriate accounts.

Nat West Bank

Nat West has a commercial banking service for smaller voluntary groups. This includes an advice service and free banking. (Turnover must be below £100,000 for access to the advice service.)

Royal Bank of Scotland Treasurer's Account

This account is for clubs, groups, societies and churches. Contact Tom Lynch at 28 Cavendish Square, London, W1M 0DB or telephone 020 7647 8726 or 8713.

Triodos Bank

Known for their ethical stance they have charity cheque and deposit accounts and a social venture current account. Contact Triodos Bank on 0800 328 2181 or email mail@tridos.co.uk

Unity Trust

A specialist bank for voluntary groups, membership groups and credit union organisations. Contact Unity Trust at 9 Brindley Place, 4 Oozells Square, Birmingham B1 2HB or telephone 0800 783 9650 or 0121 6616 4146 or email utb@unitygroup.co.uk.

Group's Accounts

The accounts and the Annual report inform the group members how the group's money has been used, and provide a clear picture of your group's activities and financial position.

The report and accounts must consist of:

- Statement of financial activities explaining where the money comes from and how it was used
- Income and expenditure
- Balance sheet
- Notes to the accounts
- Audit report or independent examiner's statement (if required)

Annual report explains the activities and finances of the group within one financial year

Types of accounts:

Receipts & Payments Accounts

The receipts & payments accounts are the simplest way of accounting. It is a record of all the money that goes into account (income), and all the money that goes out of

the account (expenses, payments) during the financial year. It simply shows how much money your group has at the end of the year.

Most small community groups will use this method of accounting.

If this is the way you produce your accounts, you must separately list all the assets the group has (equipment, buildings, etc.) or any money owed, stating their values. At the end of this document you will find the samples/templates on how you could do monthly and annual accounts, but it is really up to you how you do this.

Accruals Accounts

Only charities with an annual income above £100,000 and charitable companies are required by law to adopt accruals accounts, so this guide will just mention this type of accounting. If you would like more information about this system than you can contact either Communities Team: communities@southampton.gov.uk or telephone 023 8083 2101/2865/3197 or SVS: information@southamptonvs.org.uk, telephone 023 8022 8291.

Examining of the accounts:

There are two ways accounts can be examined:

Independent Examination of Accounts: There is no legal requirement for most small community organisations to have an independent examination of their accounts, however many groups have a clause in their constitution that says that accounts must be independently examined for the AGM (please refer to your group's constitution). To be independent, the person should not be a member of the committee nor a relative or close friend of the Treasurer. As well as scrutinising the accounts, the independent examiner may also help prepare the accounts in the format required and help prepare the Trustees annual report.

Audit: An audit is the highest level of examination of accounts, and small community groups do not have to have their accounts audited. Only charities with an annual income above £250,000 are required to have an audit. All charitable companies must have their accounts analysed by a registered auditor, though smaller companies may only require an accounting report rather than a full audit

For small start up groups good basic bookkeeping is essential. The treasurer should ensure that the chairperson and the committee are kept informed by giving updates at committee meetings and printing off a financial statement each quarter. The treasurer will also provide a statement of accounts for the annual report (copies of which should be made available to members) and ensure that there are spare copies for any person attending the annual general meeting. It is good practice for the annual financial report to be examined and signed by an independent person. When the group gets to the stage of requiring an audit, it is well worth ringing around and getting quotes as they can vary widely.

Accounting systems

There are many accounting systems in use for community groups. The committee need to discuss the options and make a decision. An experienced treasurer may have a preferred system, which can be considered. The following are a few examples of inexpensive and straightforward systems available.

An accounts book

This can be bought from high street stationers. They are lined ledger books where you have to write in your own headings for what is spent and any monies received.

Spreadsheet

It is possible to use a simple spreadsheet on your computer to record your accounts. A spreadsheet can usually be found on computer software and there are some free online. It is worthwhile getting someone who is familiar with spreadsheets to come and set it up and help train the person who is going to input the data.

Free accounts system software

There are some organisations which provide free basic software for community groups and charities. Below are two examples of such organisations. More are available on the internet.

- The *'Budget Yourself'* – DVD is free to small community groups. Look for this on www.funderfinder.org.uk. A token charge of £1 is asked to cover postage and packing.
- 'Tas' also provide free accounts software for small groups. Telephone 0800 694 0220 or visit them at www.tassoftware.co.uk/free

Commonly used software systems for small groups and businesses

Perhaps the most commonly used system is called 'SAGE' but there are many others on the market (including Microsoft Dynamic Not-For-Profit System). The cost of the SAGE 2010 Starter System is £265 + VAT (at June 2010) - so may be too expensive for a start-up group still looking for funding.

Budgets

A budget explains, in financial terms, what the group plans to do in the next year. It is an estimate of how much money you will need and will help to check that you won't run out of money. It is also a way to help you make financial decisions and keep control of your money during the year. You will be able to check what you have actually spent against what you thought you would spend. No budget will be 100% accurate! You may wish to put extra money in your budget for any unforeseen expenses – known as a 'contingency fund'. Most project funders will ask for your overall budget. They will want to see that you have a clear plan. It is good practice to include a copy of your annual budget with any funding application.

In order to draw up a budget, list all the things you know you will need to spend money on over a year e.g. room hire, refreshments, stationery and postage. Put a figure against each item, being as accurate as possible. This will give you an annual expenditure figure which you then simply divide by twelve and you now have a monthly budget (certain bills you will add in quarterly only, such as gas bill, or other utility bills).

The terms 'capital' and 'revenue' are used when doing budgets:

- 'Capital' expenditure is money to be spent on large, more permanent items such as desks, furniture and computers.
- 'Revenue' expenditure is money to be spent on every day items such as postage, refreshments, rent and salaries, if you have paid staff.

It is important to differentiate between capital and revenue costs when you are writing a bid for funding. Funders have rules about how much they will give for capital items. These items are necessary for setting up, so it's worth looking for this type of funding as one of the first things you do. Again, it is important to realise that almost all funding will be time limited (e.g. often funding is for two or three year's maximum) and will not necessarily be renewed. You may need to take this into consideration from day one and plan long term.

When you finally receive a grant, it will contain conditions setting out what the money is to be used for. If you are fortunate enough to have been awarded the full amount, the grant will be to pay for the project as described in your application. Please check these conditions carefully. If the grant is less than you applied for, again check how the money is to be used. You cannot use grant funding to pay for other projects. Most funders will check that their money is being used appropriately. The budget and accounts are a good way to monitor that the money is being spent correctly.

It is important to keep a copy of all funding applications and associated paperwork.

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Insurance

Your group may need one or more types of insurance before you can access funding and also for the security of the group members. There are many types of insurance available – the most common is public liability which is required by most groups. It is worth shopping around to get the best deal for your needs. Remember to increase the cover of the policy as the group grows. If you are putting on events or trips for members, you will need additional insurance and this may cost several hundred pounds. It's best to check what is available at the time you need it to get the best deal.

Public Liability

This policy insures against damage to 'third parties' (the general public). Check if the policy covers members, casual volunteers and customers.

Employers' Liability

If you employ staff you must have employers' liability insurance. You should ensure that volunteers are covered too.

Professional Liability

If you give advice, professional liability policies are available through specialist agencies.

Trustee Liability

If your group is managed by trustees/management committee, it is worth considering this type of insurance cover however it may not cover all types of negligence.

Events Liability

If you are proposing to put on events or trips, you must inform your insurance company who will adjust your policy but there will be additional costs depending on the nature of the event.

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Venue/Premises

One question that may require some debate at the outset is the type of premises needed by the group. Many small groups hire a room, as required in a community centre or other such building – typically for a set time each month or week. However, if the purpose of the group is more than a meeting – for instance setting up a day centre for children or older people or starting up a charity – then it may be that the group will need its own office or premises.

The cost of hiring a room for a monthly meeting is small but renting premises full time can be costly and may in fact be one of the biggest expenses to take into consideration when bidding for funds.

Groups who are members of Southampton Voluntary Services can book a meeting room there free of charge before 4.00 pm. After 4.00 pm there is small hire charge. Other venues such as church halls, community centres and mosques often hire out meeting rooms for a reasonable fee. For a list of community venues which can be hired, please contact the Communities Team communities@southampton.gov.uk or telephone 023 8083 2101/2865/3197 or SVS: information@southamptonvs.org.uk , telephone 023 8022 8291.

Estate agents who have commercial departments will have a note of premises to rent. Short term rentals in serviced offices are available, sometime by the month and a wide range is offered on the internet by entering 'serviced offices Southampton'. Rental fees for such offices will usually include reception, cleaning and other services and can be a good way to start up without committing to an expensive long term lease.

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Police checks

In areas of work where anyone has unsupervised contact with a child or vulnerable person they will require a police check [Disclosure & Barring Scheme (DBS) – Disclosure Service] to be carried out. There are also certain grants which require a DBS check even when there is no contact with children or vulnerable people.

The Criminal Records Bureau (CRB) and the Independent Safeguarding Authority (ISA) have merged to become the Disclosure and Barring Service (DBS). CRB checks are now called DBS checks.

You can find more information here: <https://www.gov.uk/disclosure-barring-service-check/overview>

A DBS check may be needed for:

- certain jobs or voluntary work, eg working with children or in healthcare

The DBS has guidance on eligibility for criminal record checks on its website. The checks available are:

- Standard
- Enhanced

- Enhanced with a check of one or both barred lists (children and/or adults as appropriate)

The link to the guidance on eligibility:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/409805/DBS_guide_eligibility_v7.pdf

If you are a small organisation applying for a small number of disclosures, you can apply via a third party organisation that is registered with the DBS, rather than having to register yourselves. This is called an “umbrella body”.

You can find other umbrella organisations by following this link:

<https://dbs-ub-directory.homeoffice.gov.uk/>

Further Information and Guidance

Tel: DBS Information Line – 0870 90 90 811

Website: www.homeoffice.gov.uk/dbs

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Types of legal structure:

Setting up a charity

Another serious decision for the committee is whether the group is to become a registered charity. All charities in England and Wales are governed by the terms and conditions of the Charity Commission. Below is a short guide to the main points but it is vital that this area is thoroughly researched and understood by the committee as there are legal implications in achieving charity status.

Ask yourself – ‘Is setting up a charity the right thing to do...?’

Setting up a charity is not always the best way to proceed – in fact, in some cases, it may not be legally possible.

A charity is a particular type of voluntary organisation. It is one which has a particular legal and tax status and it must benefit the public and not a specific person. The aims, purposes or objectives have to be exclusively those which the law recognises as charitable.

Registered charities have to obey rules and regulations set out in charity law. Those that are registered as companies have to comply with company law too. A registered charity is not allowed to have political objectives or take part in political lobbying. These rules may restrict what you want to achieve.

Other questions to be asked include:

- Is a new charity the best way forward?
- Are there existing charities with the same purposes as yours?
- Have you considered joining with an existing charity?
- Do you know how a charity must operate?
- Do you have enough trustees/committee members?
- Do you need to become a limited company?

- Do you know where you will get your funding?

Making an application to become a charity to the Charity Commission includes:

- Completed application for registration (form CC5a)
- Trustee declaration (form CC5c)
- One copy of the memorandum and articles of association
- One copy of the certificate of incorporation

All of the above can be found as 'pro-forma' or model documents on the Charities Commission website www.charity-commission.gov.uk. You can customise them to suit your organisation.

Completed applications should be sent to:

Charity Commission Direct
PO Box 1227
Liverpool
L69 3UG

The Commission cannot guarantee that a proposed organisation which uses the Commission's model as its governing document will be accepted as charitable. Every case has to be considered separately. The model documents were updated to take into account the relevant provisions of the Companies Act 2006 which have been in force since October 2009.

Registering as a limited company

This is an option for small groups starting up and can be done in addition to registering as a charity. One of the reasons a group may decide to become a limited company is that it limits the liability of the trustees/committee members so that they are protected from the risks of personal financial penalties if the group gets into difficulties.

Usually, the trustees will have a nominal holding of a £1 share in the company set up and their liability is therefore limited to this sum. Public liability insurance has been previously discussed and also safeguards committee members from being personally liable if the group is sued. If a member of the public is injured on the premises, then a claim could be covered by this relatively inexpensive insurance. Having these safeguards in place will ensure that committee members/trustees are easier to recruit as well as being best practice.

Before going through this process it is important to have an appropriate company name. It is not a straight forward process as you will have to have a name that is unique and indicates the group's purpose. Also it cannot be similar to that of other registered companies. It is important to carry out a thorough check of company names to ensure that there can be no legal challenge. A company can be sued for using the same or similar name to one already established. There are over ten million UK trading names and companies and another 25,000 are formed each month. It is therefore a potentially difficult area and it may be wise to seek professional advice.

In addition to the above there are also regulations about 'restricted words and expressions' under the Business Names Act of 1985. Certain words – including 'royal', 'international', 'trust' and 'fund', require direct permission from the Secretary of State or other institutions. Some words are prohibited completely for a variety of reasons. There is also a legal requirement that the company name is printed on all stationery and is displayed prominently at its premises.

Most people who want to register as a limited company do so by purchasing a company through the many agencies who specialise in such matters and who advertise widely on the internet. Their fees range from about £25 to £250+. It is best to use an agent approved by Companies House. This 'off the shelf' purchase of a company is more useful to commercial organisations than to small community groups as it comes complete with a registered name and supplies most of the basic legal requirements for registration. A rough guide to what is on offer from the very basic packages upwards would look something like the following:

- Full trading limited company status
- Electronic memorandum and articles of association
- Electronic certificate of incorporation
- Manage your company formation online
- Above plus official certificate of incorporation
- Above plus six bound copies of memorandum and articles of association
- Above plus company seal with your company name and statutory register
- Above plus printed share certificates
- Above plus first year annual return filing

A Charitable Company Limited by Guarantee

This is one of the most common legal formats for social enterprises which only have charitable objectives. It involves becoming both a company limited by guarantee and a charity. This means it is regulated by both Companies House and the Charities Commission. As a charity the business would pay less tax.

Unincorporated Associations

An unincorporated association is a group of people, usually with a constitution who run the organisation for the members. This is a business which has no separate legal identity of its own. This means that the people who run the business are themselves liable for its debts and any leases or contracts it has. It is relatively free from rules and regulations and can sometimes have some tax advantages. It also carries with it many serious potential problems as banks will not lend to unincorporated businesses. Perhaps more importantly, is the personal liability which could have implications such as having to sell personal assets up to and including someone's home.

Setting up a Social Enterprise

"A Social Enterprise is any business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximise profit for share holders or owners." - Department of Trade and Industry. This means a business that helps people instead of making money for its owners.

Some social enterprises may also be social firms, defined as "a business created to provide integrated employment and training to people with a disability or other

disadvantage in the labour market” - Social Enterprise Coalition. This means that it is an aim of the business to create jobs for people who might find it hard to get employment.

Some well known social enterprises are ‘the Eden Project’, ‘the Big Issue’, ‘the Co-op’ and Jamie Oliver’s “Fifteen Restaurant”.

There are lots of different types of legal structures that a social enterprise might use. There are many variations depending on how the social enterprise wants to be run. Proper legal advice is always needed when setting up a social enterprise.

A Community Interest Company (CIC)

This is a new type of company, limited by guarantee or shares, that is set up to benefit a community in some way. People can buy shares to become part of the company. It is regulated by Companies House and the Community Interest Regulator. To become a community interest company, a social enterprise must pass the community interest test. This is to prove that it exists to help a community. A community interest company is a business, it is not a charity. It must make money to keep going and must pay normal tax.

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Working with volunteers

When starting up a group, it is probable that everyone will be a volunteer. Often, with new groups, the use of volunteers can be very casual and unstructured. This can become a source of difficulty as the group grows. Good practice suggests that groups have a policy in place setting out the role of volunteers and the type of support they can expect. The committee should ensure that volunteers are covered by appropriate insurance. A volunteer policy can be a simple document including the following basic issues:

Possible Volunteering Policy Guidelines

Volunteers can expect from the group:

- To have a clear understanding of their duties and responsibilities
- To have a written description of their role
- To understand the time commitments and the right to say 'no'
- To have effective induction to their role
- To have an understanding of the group's structure and those involved
- To receive any necessary training for the role
- To be provided with appropriate equipment
- To have regular supervision
- To be able claim appropriate agreed expenses
- To be afforded fair treatment in regard to equal opportunities
- To have the same protection as paid staff under health and safety
- To be protected by relevant insurance
- To have a process for any complaints or concerns
- To be aware of the group's policies and procedures
- To receive a reference, if required

For further help and advice, contact Southampton Voluntary Services on 023 8022 8291 or email information@southamptonvs.org.uk or Volunteering England: <http://www.volunteering.org.uk/>.
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Training for staff, volunteers and committee

Training is an important part of any organisation and whilst it is possible to access some free training, it is something for which funding may be required. It should be included in the budget and can also be a legitimate item to include in funding applications. Having said that, if your group is just starting out, it may be difficult to know what the training requirements may be, so budgeting for it is often problematic.

There are three main ways in which training can be delivered – through a course run by a training organisation in the private, public or voluntary sectors; training courses available on the internet again provided by various organisations and through self help resources which can be from books or DVDs. Some of these may be free or for a nominal charge, others can be expensive. The group need to 'map' out the training needs for the year and include them in both the budget and business plan. This needs to be reviewed at least annually.

One of the first places to start looking is probably Southampton Voluntary Services telephone 023 8022 2929 or email information@southamptonvs.org.uk. They not

only offer training themselves but they also have access to information about other local training organisations. A few examples are:

Training for Work in Communities aims to help individuals and groups in Southampton through training in a wide range of subjects. Contact them for information on courses available now.

Training for Work in Communities (TWICS)
Swaythling Neighbourhood Centre
Hampton Park Way
Off Broadlands Road
Swaythling
SO17 3AT
Telephone: 023 8067 1111
Mobile: 07583 717 547
Email: info@twics.org.uk

The Workers Education Association provides a range of courses including food hygiene, computer skills, healthy lifestyles and how to run a community group. The courses are open to both paid and voluntary workers. The office is open Monday – Thursday from 9.30 am until 2.30 pm.

Workers Education Association (WEA)
Clovelly Centre
Clovelly Road
Southampton
SO14 OAU
Email: Southampton@wea.org.uk
Website: <http://www.wea.org.uk/>

Southampton Central Library holds a wide range of information about training courses in the city and also has many excellent self-help books which may be useful.

ALISON: Advance Learning Interactive Systems Online
ALISON provides free on-line courses and certification. They offer free independent interactive multimedia training courses: <http://alison.com/>
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Raising your profile and publicity

A meeting devoted to this subject may be necessary. Subjects for discussion could include:

- What sort of publicity do you need?
- Do you have the funding to do what you would like to do?
- Which methods are to be used? (see below for some ideas)
- Who are you trying to reach – your ‘target audience’?
- What is the one thing you want them to remember?
- Who is the best person in the group to write material?
- Is there access to the internet, printer and photocopier?
- Where are your target audience?
- Is there anyone in the group who has good access to them?

- Can you put together a small team to cover the various jobs?

You will have established that your group meets a particular local need through your consultations with local people who are interested in or who could use your services and be helped by the group. Keep in touch with all the people you met locally and put their details on your database. You can then send them details of any events invite them to your annual general meeting and remind them of your presence, when appropriate.

A few suggestions about methods:

Media and publicity

- Write a letter to local newspapers asking for people to contact the group if they have an interest. Keep a note of all responses and turn this into a short report to include in your annual report.
- If there is an item on television or radio which has a link to your group, it is worth writing or emailing a response and also telling them what work the group does. All TV and radio stations keep lists of people that they can contact about particular issues and you could get a call to comment on a local issue and this could be broadcast. It is essential that the committee agree who will be this contact and that the person chosen is willing and able to deal with these interviews as they can make some people a bit nervous to begin with.
- If you have funding, you could consider having posters printed to be displayed in libraries, shops, businesses and community venues.
- Possibly the easiest way to obtain free publicity is to send a press release about any upcoming event to all local media. This will include newspapers, free newspapers, magazines which cover the county as well as your local area, local radio stations, BBC local radio and all the independent stations, copies to local television news programmes such as South Today etc.
- You could also ask local shops and businesses to put a flyer in their window. Most will be happy to do so if it's for a good cause.
- Advertising in the local media is often very effective but almost always it is quite expensive. If you feel you may need to advertise, then the group should research the costs involved and include them in funding bids.
- Consider the use of props, costumes and other materials to get your name known locally. Some of these can easily be hand made so you don't need to have an expert in arts and crafts. For example, an old bed sheet could be dyed to your colour and then using special pens which you can obtain cheaply from any craft shop, you can write your message on the cloth to put on your table at public events. Similarly banners can be easily made – professionally made banners are quite expensive. Other ways to attract attention at events are to use costumes which can be hired or bought quite cheaply via internet sites.

How to promote your group, project or event:

<http://www.southampton.gov.uk/policies/How%20to%20promote%20your%20group.doc>

Websites

Setting up a website or blog can be a good way of raising awareness. It is possible to build a simple website or blog using information and instructions which can be obtained from Communities Team: communities@southampton.gov.uk.

(There are also many adverts for companies which charge to set up websites. As some charge quite high fees they may be best avoided unless you have the funding.)

Events

Putting on neighbourhood events - from a coffee morning to a street party, a fete to raise funds, jumble sale or a fun/information day - perhaps held in a local leisure centre, school etc. There are financial, insurance and logistical implications with some events, as well as the time and hard work of course! They are often seen as fund raising events but perhaps the main benefit from such events is that they will raise awareness locally about your work. You may get free publicity if you ask the Mayor or a local celebrity to open the event and alert the media so that a photographer could be sent along.

For our 'How to organise a community event guide' see: "How to plan an event" guide: http://www.southampton.gov.uk/policies/Planning-an-event_tcm63-364231.doc

Newsletters

Newsletters are a useful tool once the group is established and can be sent to both members and to current and potential funders. Newsletters can be easily produced and printed onto either A4 or A5 coloured paper on a photocopier. They can be sent out quarterly or half yearly depending on your funding situation. A lot of groups make newsletter mailings into a group social activity with refreshments. It can take quite a bit of time to produce a newsletter but often even more time folding them up, running off address labels and sticking on postage stamps!

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Monitoring/quality assurance evaluation

Websites, events and newsletters are dependent on two things, the requirements of your funder and the legal requirements for the type of organisation you have. A charity has to comply with the requirements of the Charity Commission whilst a limited company will require you to submit accounts and other data to Companies House on an annual basis. In addition to compliance with these requirements, the funder may ask you to monitor the work carried out and report back to them in a particular way. Anything from an update once a quarter to keeping detailed statistics on everything you do.

Monitoring/Quality Assurance

There are a large number of monitoring and quality assurance systems in use so it is not possible to review them all here. Monitoring systems are rules put in place to check the work done by the group. At its simplest you may be asked to keep a note of all incoming calls, mail and membership numbers to show the developing level of the group's work. At the other end of the scale you could be required to account fully for every interaction with a client involved in a specific project and then to submit statistics and data in the form of a report either quarterly or annually. As well as accounting for the work done, there will be requirements regarding having processes

and policies in place within the organisation. If your group decides to use a commercial monitoring and quality assurance system, you will be given a folder to record all your policies and procedures as well as recording the work done. This will then give future funders the security of knowing that your group has been pro-active in quality assurance and has all its policies in place.

Evaluation

This can be very helpful to show if the group is effective and which areas are working well and where improvements can be made. One common way to do this is to hand out evaluation questionnaires to people who attend an event. Ideally, these evaluations should be anonymous, short and simple if you want to encourage people to fill them in. One page of A4 with 'tick boxes' and space for comments at the end seems to work best. Anonymous evaluations give better and more open feedback. It is essential that the information gained by evaluation is written up and discussed at the committee meeting and that any recommendations from this work are carefully considered.

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Thinking of the future and exit strategies

Although this guide is about starting up and getting funding, the sad reality is that funding is almost always time limited – usually one to three years. So, even as you start the group up and obtain the funding, you also need to start thinking about when the funding runs out. Put plans in place as to how you might deal with a situation where further funding is not forthcoming from your current sources.

The good news is that there are literally thousands of funders out there but you need to make funding an on-going piece of work. You could have the basic information needed for a funding bid drawn up as a document that you can adapt for different funders, thus saving a lot of effort. It may not always be suitable to funders (particularly the larger ones) who do not accept a 'pro forma' type of request with a covering letter. Often funders require applications made on-line using their own format.

Items to be discussed as a committee should include these issues fairly early on. Is it envisaged that your work would be time limited or is it felt that there will be a long term on-going requirement?

Unfortunately, it may be that you need to think about an 'exit strategy' which is a way of planning for the day when the group is dissolved. Such conversations should include giving any landlord notice on the premises, deciding what to do with any resources such as furniture and IT equipment, what happens to any funding left in the bank account. A surplus may have to be given back to funders or be given to a suitable charity. It can never be divided amongst members. These are not easy conversations to have, especially at a time when members are at the early stages of their work and are full of enthusiasm. Nevertheless it is something that would be prudent to consider.

The other bit of planning for the future is obviously the better scenario where you plan how to grow and expand the group or simply keep the group going as it is. In either case, you will probably have acquired funding for the future. Having clear aims and objectives for the long term is vital at this point. Some groups struggle because

of underfunding but others have problems because they grow too quickly and the work can become overwhelming. It's difficult to get the balance right but it is worth keeping an eye on the situation to ensure that the group has stability.

Annual Account Statement

Receipts and payments of accounts for the year ended

Name of group:

Receipts (income): Description	Year:	Previous year:
Membership		
Donations		
Fundraising		
Bank interest		
Sub-total Receipts		
Payments (Expenditure)		
Insurance		
Equipment		
Trips and activities		
Room hire		
Volunteer expenses		
Petty cash (Miscellaneous)		
Sub-total payments for activities		
Total income minus expenditure		
Balance brought forward from previous year		
TOTAL ON ACCOUNT		
Balance carried forward to next year		

Date:

As signed on their behalf by:

Signed

Chair:.....

Guidance for annual accounts:

- **Receipts (income, money coming in)**
Summary of your income for the year, split into broad categories. Give the figure for the last year and the current year; for comparison. The last year's figure should be taken from your last annual accounts. If you are the new group, and these are your first annual accounts, leave it blank. Remember to add them all together in the sub-total receipts/income line.
- **Payments (expenditure, money going out)**
Summary of your expenditure for the year, split into broad categories. Give the figure for the last year and the current year; for comparison. The last year's figure should be taken from your last annual accounts. If you are the new group, and these are your first annual accounts, leave it blank. Remember to add them all together in the sub-total payments/expenditure line.
- **Total**
This is total income minus total expenditure
- **Balance brought forward from previous year**
This is the amount you had left over from the last year. If you are a new group, this will be zero.
- **TOTAL (balance carried forward to next year)**
This is the total amount you have left at the end of the year, and you will carry this forward to the next year.

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Monthly Accounts

Name of group:

Month / Sheet number:

Date	Description	Reference / notes	Money in	Money out	Balance
	Balance brought forward:				
SUB-TOTAL					

Actual Against Budget

Name of group:

Date:

	Annual Budget	Actual Costs	Difference
Total income:			
Total expenditure:			
TOTAL:			

