



Factsheet/Advice Sheet No. 4

Going for your constitutional? July 2007

Why do we need to have a constitution?

What does a constitution look like, and how do I write one?

What difference does it make if we decide to register as a charity?

This factsheet answers some basic questions about constitutions for voluntary and community groups. (See also Factsheet 1 Getting Formal.)

Our thanks are due to Derby VCA and Derby Social Services for granting permission to use material, on how to create your own constitution.

Going for your constitutional?

1 First, some definitions

Constitution: a document with legal force which lays down the rules for running the organisation (note that, in the case of a Company Limited, the Memorandum and Articles of Association take the place of the constitution)

Member: a person who belongs to the organisation, and is able to vote at the Annual General Meeting, and other meetings

Registered charity: a group which has registered with the Charity Commission and been given a charity number

Trustee: any person responsible for the running of a charity, i.e. an officer or member of the management committee

Unregistered group: a group which is not registered as a charity with the Charity Commission

2 Why does your group need to have a constitution?

You need to have a constitution

- a) for smooth running of your group, and
- b) to satisfy funders, supporters, and the general public

The smooth running of your group depends on having:

- well-understood ways of making proposals, and getting things done
- a sense that the group is bigger than any one individual
- democratic processes for choosing people who have power (and responsibility) on behalf of the group

- ways of debating issues, and where necessary questioning the officers and holding them accountable

You depend on other people in the community supporting your group. You need people to join the group, and get involved; you need people to give you money, and/or use of rooms and facilities like a computer and photocopying. You need the general public to support your events and projects.

To support you, people need to have confidence in your group, and how it spends its money. One good way of convincing people that your group is well-run and worth supporting is by working to a constitution

3 Should we register as a charity?

Some groups will want to go one step further and obtain registered charity status. This has important tax benefits, and benefits of public recognition.

Incidentally, groups with “charitable” purposes which own land/property, or have over £1000 turnover must seek registered charity status, by law.

Remember that the Charity Commission will carefully vet your constitution, before granting registered charity status.

So, if you intend to apply for charity status, either now or in the near future, seek advice about the wording of your constitution to ensure

- the objects, or aims, will be acceptable as “charitable objects”
- the organisation is clearly shown to be for public benefit, not for the benefit of particular individuals

Also, make sure your committee members and officers) understand their roles and responsibilities as “charity trustees”. Send them on a training course, or discuss Charity Commission booklet “The Essential Trustee: what you need to know” with them.

4 What does a constitution cover?

These are some of the headings you would expect to see in a constitution.

1. Name of the group
2. objects, or aims, or purposes
3. powers
4. membership
5. management committee
6. duties of the officers
7. finance
8. Annual General Meetings
9. Special Meetings
10. altering the constitution
11. winding up

5 How to create your own constitution

Tips:

- Use all available expertise. Find out who has the necessary know-how and ask them to help. Try to identify the main pitfalls to avoid.
- Ask advice at West Norfolk VCA, 16 Tuesday Market Place, King's Lynn telephone 01553 760568
- Look ahead. Think about ways the group might develop, such as needing to employ staff or buy equipment. Try to keep the wording particularly of your objects broad enough to allow for future development.
- Test drive your draft. One important role of a constitution is to settle disagreements. Try and imagine possible situations that may arise in the future and see whether your constitution would cover them.

A model constitution is attached. You will need to decide what to put in each of the blank spaces. VCA can supply you with a copy of the constitution on disk or through e-mail if you wish to create your constitution on computer yourself.

6 Advice on filling in the blanks:

1. Name of the Group

This will often make clear what geographic area you are operating in.

2. Objects or Aims

Show what you do as a group, who you do it to, and in what geographic area. Put as many or few objects as you like for the group. For a smaller group, it would be two or three. Allow for future development. If you will be applying for registered charity status, check your "objects" against Charity Commission guidance.

3. Powers

This says what you are allowed to do to achieve your objects.

4. Membership

Here are some suggestions about membership which you may wish to keep as they are – or you may wish to put in your own ideas.

5. Management Committee

Size - a small group might only have a committee of three or four. Three is generally regarded as a minimum and we would normally recommend five or six, as there will almost always be at least one person who cannot make it to a particular meeting.

Frequency - we recommend the management committee meet formally at least twice a year and preferably once a quarter.

Quorum - the quorum is the minimum number of committee members who must be present at a management meeting before a vote can be taken on a course of action. Half the committee plus one is usual for a small group, so if there are six on the committee, four need to be

present to pass a vote on something, or three people out of five. A quorum cannot be less than two people in company law, so it is a good idea to have at least four people on your committee.

You might also want to say who would be eligible to join the management committee, how a committee member may be suspended or expelled for improper conduct and how long (e.g. 3 years) s/he can serve. If so, you will need to insert extra clauses.

6. The Duties of the Officers

Suggestions are given - you may wish to vary them.

7. Finance

Suggestions - which you may wish to vary. Note : the Group may only make payments to officers or members for reasonable expenses incurred.

It is also OK to pay salaries – but never to an officer or committee member. People who run the Group must not gain personal benefit from it.

Cheques must have 2 signatures. For convenience it makes good sense to have the Treasurer, and 2 or 3 others accepted by the bank or building society as authorised signatories.

8. Annual General Meeting

For these meetings, the quorum should normally be a majority of the members entitled to a vote, which is half the membership plus one. In the case of a small group where there are a lot of members who are technically entitled to vote but are unlikely to attend general meetings, a smaller figure may be agreed, say one third.

9. Special General Meeting

You might want to specify that at least 10 members (or more, or less, depending on the size of your membership) are required to request a Special General Meeting.

10/11 Alterations to the Constitution and Dissolution

Alterations to the constitution or dissolution of the group normally require at least a two-thirds majority and we would recommend that this figure be used.

The dissolution clause is important because if the worst ever happens and the group folds, you will at least be able to ensure the money goes to another group carrying out similar work.

An alternative wording of this clause is: "... shall be given to another group with like objects, or for some other charitable purpose benefiting the community."

CONSTITUTION OF

1. Name

The name of the group shall be

2. Objects

The objects of the Group shall be

3. Powers

In furtherance of the above objects, but not otherwise, the Group shall have the powers:

- a) to provide services and publicise its activities
- b) to raise funds and invite contributions
- c) to employ paid or voluntary workers
- d) purchase, rent or lease property or equipment
- e) co-operate with other voluntary, charitable or statutory organisations

4. Membership

- a) Membership of the Group shall be open to anyone living in the area who is interested in helping the Group to achieve its aims, willing to abide by the rules of the Group and willing to pay any subscription fee agreed by the Management Committee.
- b) Every member shall have one vote at General Meetings.
- c) The membership of any member may be terminated for good reason by the committee.

5. Management Committee

- a) The Group shall be administered by a Management Committee consisting of Chairperson, Treasurer, Secretary and not less than other committee members elected at the Group's Annual General Meeting.

- b) The Management Committee shall meet at least times a year.
- c) Any member of the Group may be co-opted onto the Management Committee to fill a vacancy.
- d) The Management Committee may co-opt a person or persons onto the Management Committee providing that person is linked with the objects of the Group either professionally or through business.
- e) The quorum for Management Committee meetings shall be
- f) Voting at Management Committee meetings shall be by a show of hands. If there is a tied vote, then the Chairperson shall have a second vote.

6. Duties of the Officers

- a) The duties of the Chairperson shall be:
 - 1. to preside at meetings of the Committee and the organisation
 - 2. as may be required by the Committee, to act as the principal spokesperson on public occasions or when representations are being made on behalf of the organisation to public bodies.
- b) The duties of the Secretary shall be:
 - 1. to prepare in consultation with the Chairperson, the agenda for the meetings of the Committee
 - 2. to take and keep minutes of all meetings
 - 3. to collect and disseminate information on all matters affecting the organisation.
- c) The duties of the Treasurer shall be:
 - 1. to supervise the financial affairs of the organisation
 - 2. to ensure that proper accounts are kept with regards to all monies received by and paid out by the organisation.

7. Finance

- a) Any money obtained by the Group shall be used only for the Group. Any payments made to officers, or members will only be for reimbursement of reasonable expenses.
- b) Any bank accounts opened for the Group shall be in the name of the Group.

- c) Any cheques issued shall be signed by the Treasurer and one other nominated official.
- d) The accounts will be independently examined at least once a year.

8. Annual General Meeting

- a) The Group shall hold an Annual General Meeting (AGM) in the month of
- b) All members shall be given at least 14 days' notice of the AGM and shall be entitled to attend and vote.
- c) The business of the AGM shall include:
 - receiving a report from the Chairperson on the Group's activities over the year
 - receiving a report from the Treasurer on the finances of the Group
 - electing a new Management Committee
 - appointing an independent examiner, or auditor
 - considering any other matter as may be decided.
- d) The quorum for the Annual General Meeting and any General Meeting shall be

9. Special General Meeting

A special General Meeting may be called by the Management Committee, if at least members request such a meeting in writing. The Secretary shall give all members 14 days' notice of any Special General Meeting together with notice of the business to be discussed.

10. Alterations to the Constitution

Any changes to this Constitution must be agreed by at least of those members present and voting at any General Meeting.

12. Dissolution

The Group may be wound up at any time if agreed by of those members present and voting at any General Meeting. In the event of winding up, any assets remaining, after all debts have been paid, shall be given to another Group with like objects.

11. Adoption of the Constitution

This Constitution was adopted by

On

Signed

Position

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Position

References/further reading

- Advice on Constitutions – Community Fund leaflet
- Advice on Constitutions for Vol. Orgs. – leaflet issued April 2000 by Derby VCA & Derby City Council Social
- Choosing and Preparing a Governing Document – Aug 2002 – Charity Commission booklet CC22
- Constitutions Help Sheet – Awards for All leaflet
- Registering as a Charity – August 2002 – Charity Commission booklet CC21
- Responsibilities of Charity Trustees – March 2002 – Charity Commission booklet CC3
- Voluntary but not Amateur – a guide to the law for Vol. Orgs. And Comm. Groups – by Jacki Reason, Ruth Hayes and Duncan Forbes 6th edition publ. 2000 LVSC
- Voluntary Sector Legal Handbook – by Sandy Adirondack and James Sinclair Taylor 2nd edition 2001 Directory of Social Change.