

A constitution is a set of rules for how an organisation is run. It also enables an organisation to register as a charity and / or apply for funding. Having a constitution means the public and funding bodies can be confident that an organisation has rules in place and systems to manage its money properly.

Unincorporated Associations

Many small organisations have relatively small amounts of money and don't have staff. These organisations are called unincorporated associations.

This is because they are not incorporated (i.e. they're not registered as a company) and they are a group of people working together to mutually agreed aims.

This type of organisation has a particular kind of agreement governing how it is run called a Constitution. This is a set of agreed rules governing how an organisation will be run, how the members will work together, and what they are working towards.

What a constitution must include

Name:

The organisation will choose its own name. It might reflect the area or field in which it works.

Objects (Purposes):

This sets out what the organisation aims to do.

If an organisation has only charitable purposes (defined by the Charity Commission as being 'for the public benefit') it is a charity. If the organisation's income is £5000 or more per year, it must register with the Charity Commission.

Powers:

These cover what an organisation can do to achieve its purposes such as:

- Fundraising
- Networking
- Hiring equipment / premises
- Employing staff

Membership (if applicable):

An organisation's membership is made up of people who are interested in working together to achieve the aims of the organisation.

To become a member, a person signs a membership agreement and if the organisation wishes, pay a membership fee. There need to be rules about who can't be a member.

Management Committee:

These are members who take on a management role by joining a committee. The committee has responsibility for the management of the organisation. It is up to the organisation how many members sit on the committee.

For most organisations, the minimum number of committee members would be three. A maximum can also be set as the committee may become unwieldy and inefficient if it is too large.

Agree a set of rules

- Choose a name
- Set out what your organisation aims to do and its powers

Membership

- Agree some rules about who can be a member
- Decide whether a membership fee will be payable or not

Management Committee

- Decide upon the size and make up (Elected, Nominated and Co-opted)
- Agree how often it will meet and when the annual general meeting will be

Management Committee (cont.):

If the organisation is a charity, the management committee are Charity Trustees. No one under the age of 18 can be appointed as a trustee unless the charity is a registered company; the minimum age for company directors is 16 years.

Some people are disqualified by law from acting as charity trustees, and these are described in the Charities Act. Broadly that covers:

- Anyone who has been convicted of an offence involving deception or dishonesty, unless the conviction is spent
- Anyone who is an un-discharged bankrupt
- Anyone who has previously been removed from trusteeship of a charity by the court or by the Charity Commission; anyone who is subject to a disqualification order under the Company Directors Disqualification Act 1986

Different types of committee members:

- Elected - members voted onto the committee at the AGM
- Nominated - people nominated by another organisation
- Co-opted - people asked to join the committee between AGMs

It is in the interests of the organisation to ensure that the committee do not benefit financially from being a committee member.

Officers:

Whilst all committee members share equal responsibility for the organisation, officers are appointed to carry out particular tasks. These include:

- Chairperson - who ensures meetings run smoothly and decisions are made
- Secretary - who informs everyone of meetings takes minutes and deals with correspondence
- Treasurer - who oversees the money of the organisation and any payments it makes.

All Officers report regularly to the Committee.

Committee Meetings:

Meetings of the committee are held to share information and make decisions and should be governed by the constitution. This can specify the minimum number of committee members needed to make a decision (quorum), and the minimum number of meetings to be held over a year. It is recommended that all committee members are given at least 21 days notice of a meeting.

General Meetings:

Every year the organisation needs to have an Annual General Meeting, the first being within 15 months of the organisation setting up. The AGM is a chance for the committee to tell members what is going on and a chance for the members to hold the committee accountable. It is also when the annual accounts are presented.

The constitution should also allow for other general meetings, known as special or extraordinary general meetings, to be called.

Finances:

A record of receipts and payments should be kept. It is good practice to have a bank account with a minimum of two people required to sign cheques etc. These two people must not be related.

Closing down the Organisation:

There must be provision in the constitution to close down the organisation. A meeting of the membership should be called and a specific majority vote in favour needed.

The organisation must pay all its bills and if there is any money left, then it should be given to an organisation that does similar work.

Additional resources

Visit www.grantnet.com/HelpfulReports/writingaconstitution.pdf for further guidance on writing a constitution.

A model constitution for a small unincorporated charity is available from the Charity Commission here: www.gov.uk/government/publications/setting-up-a-charity-model-governing-documents.

For more information please contact ACTion with Communities in Cumbria on Tel: 01228 817224 or visit our website: www.cumbriaaction.org.uk

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