|  |
| --- |
| Z:\PROMOTIONAL & PHOTOCOPY MASTERS\Tim - DMU-BannersLeaflets2014\Logos\Website Logo (White Logo).jpg |
| Running Your Own Group |
| A practical guide for voluntary organisations |
|  |
|  |
| **Updated 16/02/17** |

|  |
| --- |
| Common1/ \Resource Centre\Small Groups Toolkit\Updated Guides Sept2015/ Running Your Own Group |

RUNNING YOUR OWN GROUP

Contents

[1. Introduction 3](#_Toc430167183)

[1.1 Where do you start? 3](#_Toc430167184)

[1.2 Why set up a group? 3](#_Toc430167185)

[1.3 What makes a successful group? 3](#_Toc430167186)

[2 How to use this pack 4](#_Toc430167187)

[3 Getting started 5](#_Toc430167188)

[3.1 What do you want to do? 5](#_Toc430167189)

[3.2 Why do you want to set up your group? 5](#_Toc430167190)

[3.3 Are there existing groups in your area providing similar services? 5](#_Toc430167191)

[4 Getting organised – committees and Constitutions 6](#_Toc430167192)

[4.1 Setting up a management committee 6](#_Toc430167193)

[4.2 Your Governing Document 9](#_Toc430167194)

[4.3 What is a Constitution? 10](#_Toc430167195)

[4.4 Charity Registration 13](#_Toc430167196)

[5 Getting Organised – Planning 15](#_Toc430167197)

[5.1 Aims and Objectives 15](#_Toc430167198)

[5.2 Drawing up a Plan 16](#_Toc430167199)

[5.3 Measuring the Benefits of your work 16](#_Toc430167200)

[6 Managing money and people 17](#_Toc430167201)

[6.1 Financial management 17](#_Toc430167202)

[6.2 Tax and Insurance 18](#_Toc430167203)

[6.3 Managing People 20](#_Toc430167204)

[7 Fundraising 22](#_Toc430167205)

[7.1 Making a case for funding 22](#_Toc430167206)

[7.2 Sources of Funding 24](#_Toc430167207)

[8 What to do next 28](#_Toc430167208)

# Introduction

## Where do you start?

Starting a group can be very rewarding, especially as it begins to take shape and develop. However, it is important to remember that the work involved takes lots of time, commitment and responsibility and often lots of patience. You will encounter problems and set backs and it is important that those of you involved, work through any difficult times together. Developing a successful group is hard work but as you see your work and group having a positive impact the rewards are tremendous.

## Why set up a group?

* There is a need – and no-one is addressing that need

Most voluntary groups are set up by local people who have identified a need for a particular activity or service in their area. It could be that there is a real gap in services or activities in your area. Or maybe a service is already being provided but is not accessible enough, or is not being delivered in an appropriate way.

* To get something done

There may be an identified need, but crucially it needs the time and commitment from people, like you, who are willing to get on and do something about it!

* To work with other people

Running a group is a team effort – you can’t do it alone. It isn’t just about the amount of work to do, but also about shared responsibility. Starting a group means working together with people who share similar interests and are aiming to solve a particular problem or meet a certain need.

## What makes a successful group?

* Meeting a need
* Being clear and realistic about what you do want to do
* A team effort
* Resources to help you achieve your aims – people and money

# 

# How to use this pack

The pack is designed as an introductory guide to help you through the process of setting up a group. In particular, it is designed to help you with the ‘nuts and bolts’, the practicalities of setting up a group: constitutions, committees, funding applications, roles and responsibilities... and many other areas. The pack was also designed to make you think carefully about what makes a successful group, and to do this early on before you become overwhelmed with work.

This pack is intended as guidance rather than a detailed reference manual and is not a substitute for detailed legal advice.

There are many other sources of information and advice which you will need to consult before going about your activities. Many of these will depend on the particular activities or services which you are wanting to provide, and Voluntary Action Rutland will be able to help you contact relevant umbrella or specialist support organisations.

We have also pinpointed some of the main sources of further reading which are available to loan in the Voluntary Action Rutland Resource Centre. There are some questions and exercises in this pack which you should find useful in starting to run your group and plan your activities. When you have read through the pack, and if you decided you want to set up a group, contact Voluntary Action Rutland to find out about other resources available – or browse our website or Resource Centre.

# 

# Getting started

## What do you want to do?

This first section is designed to start you thinking and planning your group’s activities. Running a group is a team effort, so a good way to start is to bring together a number of people who share similar interests and concerns. Meet and talk to each other about what you could do and how you could do it. Below are a number of questions you could ask yourselves about your group. This section is a very important stage in planning what you want to do and the questions should act as a prompt to put your thoughts into some sort of order. You need to be realistic about the kinds of work you can carry out in the short term and the long term. Running a group will require resources – people and money. Voluntary groups rely on money donated either by the public or through grants or sponsorship, and funders will only give money to activities which they are confident will be a success and have been carefully thought out.

## Why do you want to set up your group?

* What do you want to achieve?
* What kinds of activities will you want to provide to achieve this?
* How do you know there is a need for what you want to do?
* Who needs it?
* How many people need it?
* Will your group meet these needs in full/in part?
* What will be the benefits from running your activities?

## Are there existing groups in your area providing similar services?

* Have you contacted these organisations? (Voluntary Action Rutland can provide you with contact details of groups doing similar work);
* Would it be better to work with an existing group? There is a lot of competition for funding and donors often look at whether similar services are already in existence!

If you think a new group is necessary be clear about:

* What are the advantages in setting up a new organisation? What would be different about your group?
* What skills or experience do you have in running a group? (For example, management of projects or experience of committee work);
* How often will you need to meet?
* Where will you meet?
* What help do you think you will need? You may need training, or you may want to link up with other groups, agencies or individuals who can offer support.

# Getting organised – committees and constitutions

Running a successful group is a team effort. Groups cannot consist of one person! Responsibility for the group should be shared between a number of people, at least three, who will make decisions, co-ordinate activities, make sure funding is in place and so on.

When you set up your group you also need to have a set of rules which set out clearly your group’s aims, rules about who takes the responsibility for the group, rules about how people join, and rules which safeguard money which has been donated.

* Your group will be responsible for its activities and the money it spends, and there needs to be rules in place to ensure everyone is clear about their responsibility;
* Having rules means that your group can be run better and the money for your group is spent properly & efficiently; and
* When you set up a group, there are two basic, formal things you need to have in place: your management committee and a set of rules or Governing Document.

## Setting up a management committee

Your committee will be a small number of people - normally between 3 and 15 people – who are responsible for running your group. They will meet regularly to decide how to run your group and who will do what, and are answerable to the members of your group.

The committee is responsible – by law – for running your group and making sure it achieves what it sets out to do. So if something goes wrong, or if money is lost, then committee members could be held personally liable. It is very important that the people who are interested in joining your committee are aware of this.

It is a good idea when you form your committee to have people who have particular skills in different areas – like finance, administration, publicity, previous experience on committees, and so on.

Individual members may take on roles, such as chair, treasurer or secretary – but remember that the committee as a whole is legally responsible.

Main responsibilities of the committee as a whole include:

* Ensuring that your group works towards its aims and objectives, and that it acts in the best interest of the people your group has set up to support (your beneficiaries);
* Ensuring that, your group has enough resources to carry out all of your work and that these resources are well-managed and used to meet your aims and objectives;
* Regularly attending committee meetings, and taking decisions working jointly with other members of the committee;
* Keeping informed about your group’s activities, and providing proper reports to members and supporters – particularly annual reports and accounts;
* Ensuring that all of the rules in your Governing Documents are followed ( for example, elections of the committee or changing the constitution);
* Ensuring that your group meets all its legal responsibilities – such as Health and Safety, equal opportunities, insurance, and employment laws;
* Ensuring that any contracts your group is involved in – for example, employment, tenancy agreements and so on – are kept to; and
* Ensuring that premises and equipment are maintained and insured.

**Roles of committee members**

A committee will include people with specific tasks. These people are called ‘officers’. There are three tasks in particular – Chair, Secretary, and Treasurer - which should always be in place and are called ‘Honorary Officers’. Other committee members could take on other specific tasks if this is appropriate to your group. For example:

* Events
* Membership
* Publicity
* Fundraising

**How the committee is organised**

In your Governing Document, there should be detailed rules over how and when committee members can be elected. These rules are usually standard. If you are a new group it may be a case of looking for volunteers to join the committee and agreeing between yourselves who will be committee members. However, in future years you may have a larger membership, and other members may want to take over responsibility and an election is the fairest way of deciding this.

Your group will have an Annual General Meeting (AGM) once a year. This is a meeting to which all members are invited to, where the annual report and accounts are presented, and

where the members of the committee stand for election. Normally the members at the AGM will elect the Honorary Officers to the committee, and other committee members.

Some committee members may wish to continue in their post, which means re-election, if there is no opposition.

Once elected the committee take legal responsibility for your group. Between AGMs, the committee should meet regularly to oversee the running of the group and take decisions. A rule about frequency of meetings should be included in the Governing Documents. These meetings are sometimes called ‘management committee’ or ‘executive committee’ meetings.

At the first committee meeting, members may decide between themselves who will take on other specific tasks (e.g. publicity). Minutes should always be taken, distributed to all members and carefully filed away

Other people may join the committee in an advisory capacity. For example, volunteers or staff may join, or professional advisors. However, they will not be legally responsible for decisions taken and they will not have a vote. They are simply there to report back on detailed decisions, or to give advice.

A small group of committee members may want to meet from time to time to work in more detail on specific areas (e.g. programme of events or fundraising). These meetings are known as ‘sub-committees’, and they are a helpful way of delegating more detailed work to members who are skilled or interested in particular topics. Some larger organisations may have a general sub-committee, often called ‘finance and general purposes’, which will look in more detail at the organisation’s activities. All sub-committees must always report back to the main committee for official ratification.

**The structure of the group**

**EXECUTIVE COMMITTEE**

**or**

**MANAGEMENT COMMITTEE**

Overall responsibility

**MEMBERSHIP** – who elect the

Executive Committee

**FUNDRAISING COMMITTEE**

**FINANCE**

**COMMITTEE**

**OPERATIONAL COMMITTEE**

Day to day work

## Your Governing Document

When you set up a group you need to work out exactly what you want to do and how you will do it. This involves setting out, formally, the objectives of the group, as well as rules such as how to elect your committee and accept new members.

You need a Governing Document:

* So that everyone knows exactly what your organisation aims to do;
* So that everyone knows how your organisation will be run;
* So that everyone knows who is responsible for running your organisation; and
* To apply for money to run your group – people will only give money to you if they are confident it will all be accounted for and spent properly.

The normal type of governing document for a small group is a Constitution. A Constitution sets up an association – a group of people who come together, democratically, with a specific

aim. This group of people (members) will decide in a committee, and the committee will then be responsible for running the organisation. Members can elect a new committee regularly.

Remember, once your group have agreed your Constitution, it is a legal document. The committee, not the members, will be personally responsible for making sure the rules are followed.

## What is a Constitution?

Your Constitution will firstly tell you what your group is called, and what it aims to do. In a Constitution the aims are known as ‘objects’.

**The objects are the most important part of your Constitution, because they will say what your overall aims are. Objects are not simply a list of your activities – there is an important difference between objects and activities.**

* Your objects are the overall group aims;
* Your activities are more straightforward objectives, these are the specific projects or services you want to set up, in order to achieve your aims. For example, if you wanted to set up an after-school club for children. Your activities would be ‘provision of an after-school club’. However, this is not your object – your overall aim or object would be ‘to advance the education of children under the age of 16’;
* If you are working in a specific area, this also needs to be in your objects. It is a good idea to add ‘and elsewhere’ to your geographical remit, in case you go over the boundary of your local area! and
* Remember that that the Constitution should be seen long term – so the broader your objects are set to start with, the more flexibility you have to take on new initiatives in the future.

**If you want to register as a charity, then the Charity Commission will look carefully at your objects to make sure that what you want to do is charitable. This will be covered later in the pack.**

Your Constitution will also set out more general rules, most of which usually apply to any group. The rules which need to be included are:

* Powers – what you can legally do to carry out your activities – for example, by raising money or hiring a building.
* Membership - who is eligible for membership, how can people become members, and how people are disqualified ( your group may have special rules on who is eligible to be a member);
* Committees – how and when the committee is elected, and which specific jobs need to be filled;
* Annual General Meeting – once a year your organisation will have a meeting for all its members when the committee is elected and the annual report presented;
* Finance – rules on preparing accounts;
* Changing the Constitution – the procedure for altering any of your rules - this should be at a general meeting with an overall majority; and
* Dissolution – the procedure for closing down your organisation

**How do we adopt our Constitution?**

Once you have your Constitution, you need to have a meeting where the committee members sign it and date it. You must also take a formal record (‘minutes’) of this meeting. When this is done, the Constitution is then officially ‘adopted’, and this means it is a legal document. From then on your group must be run according to what the Constitution says. So for example, if you want to elect a new committee member, or if you want to change the Constitution itself, you have to follow the rules in the Constitution.

When you have adopted your Constitution, file it away carefully. When you apply for funding, or if you want to register a Charity, a copy of the signed Constitution will need to be presented. Important documents like the Constitution and minutes of meetings should be filed away separately.

**Model Constitutions**

Constitutions look very complicated at first glance, because of all the administrative provisions. However, model Constitutions are available, and the Charity Commission has their own model Constitution. A model Constitution contains all the standard parts such as elections, altering the Constitution, dissolution, and so on. With a model Constitution you only need to insert the name of your organisation and the objects, and include any specific rules for your group (for example, you may have specific rules over who is eligible for membership). However, you need to carefully read through the administrative provisions (election of officers, etc.) and make sure you are fully aware of their implications for your group.

**Responsibilities of the committee of an association**

Setting up an association with a Constitution is the simplest and most common form of group structure. However, there are disadvantages. The main disadvantage is that an association is not recognised as a separate legal entity. This means that an association cannot sign contracts or hold property in its own name – it has to be held in the names of individuals. The practical implication of this is that members of the committee of an association are personally responsible for an association and could be held personally liable for debts incurred.

If you are concerned about this, then your committee need to think about the risks involved. Will you be employing a number of staff? Will you be leasing or owning property? What risks will be attached with these?

Small groups will probably have small risks, perhaps preparing a small funding application or hiring a room. To minimise the risks the first step is to make sure there are proper procedures in place for making sure mistakes cannot be made. Your group should have a financial system in place, keep minutes of meetings where decisions are taken and make sure committee members are fully informed and involved in decision making. If you are employing staff then you must ensure that you are fully aware of employment law.

If you are still concerned about the risks then there are two other options:

**Company Limited by Guarantee**

A company is not necessarily a business! It is actually an organisation which is considered as a separate legal entity. This means that a Company in its own name can sign contracts or hold property. The liability of committee members (called Directors of the Company) is limited to paying a guaranteed sum (usually £1) if the Company becomes insolvent (this is also payable by all the members). Of course the liability may not be limited if negligence, fraud or intentional bankruptcy is involved. The disadvantage of setting up as a Company is the administration involved, the cost of incorporation and compliance with Company Law for which fines could be involved for late returns.

**Trustee Indemnity Insurance**

If your group is registered as a Charity then you may want to consider trustee indemnity insurance. This may be taken out by the committee as insurance against personal liability arising from their actions. However, this may only be taken out if your governing document allows it, and an amendment to allow this must have the prior consent of the Charity

Commission. Note that the indemnity insurance does not cover liability arising from an act which the person knew was fraudulent, or a knowing breach of trust.

**Other types of governing document**

There are two other legal structures which your organisation may want to consider.

**Charitable Trust**

Trusts are set up to manage money or property for a particular purpose. As with unincorporated associations, trustees are personally responsible for the organisation. Unlike associations, however, trusts are undemocratic – trustees are appointed when the trust deed is adopted and there are no members. Trustees have an unlimited term of office.

**Industrial and Provident Society**

To qualify as an Industrial and Provident Society your organisation needs to be carrying on an industry, business or trade and either are a co-operative or benefiting the community. This type of organisation is not registered with the Charity Commission but with the Register of Friendly Societies and with the Inland Revenue for charitable tax exemptions. Registration can be lengthy and expensive unless a model set of rules is used. Industrial and Provident societies are incorporated similarly to Companies which means they can hold contacts and property in their own name.

## Charity Registration

**Why would your group want to register as a Charity?**

* Access to funding – many funders only accept applications from registered charities.
* An improved public image;
* Financial benefits - relief from income, corporation, capital gains and inheritance tax, stamp duty, tax on individual donations and have some VAT exemptions;
* Information and advice from the Charity Commission; and
* You may have to, if your income is over £1,000 per year, if you have a permanent endowment, or if you occupy or use rateable property, and your group has exclusively charitable objects.

**What are the restrictions?**

* Charities have a duty to ensure all its activities and resources are used to further its charitable purpose;
* Strict controls on political campaigning, trading, and trustees receiving financial benefits; and
* Conforming to accounting rules under charity law.

**What is a Charity?**

* Charities exist for **public benefit**. Benefits cannot be restricted to members, or one individual, and those responsible for running the organisation cannot normally benefit financially;
* Charities are not –for-profit or non-profit making; and
* The definition of a charity can be generally classified into four categories:
  + The relief of poverty
  + The advancement of religion
  + The advancement of education
  + Other purposes beneficial to the community

**How do you register?**

The Charity Commission have an application form and a declaration by trustees. Your group’s **objects –** your overall aims – are the most important factor in deciding whether your organisation is a charity or not. However, the Charity Commission will also want to be confident that you will be able to achieve these objects. This means knowing what you want to do, and showing that you have or will have the resources to achieve it.

The application pack can be ordered direct from the Charity Commission or accessible from the website. You may find it useful to consult with Voluntary Action Rutland before you send in your application because we have experience in dealing with the Commission.

# 

# Getting Organised – Planning

## 5.1 Aims and Objectives

The previous sections should have started your group thinking about what you want to achieve, how and why. It will also have helped you see what the gaps in your skills or knowledge might be. When any new group or activity sets up, these thoughts need to be put down in a more organised and formal way, to enable you to have a clear plan for what you want to achieve.

This section will help you think about your group’s objectives and the reasons why you want to set up a group.

**Key Questions**

**Why have you decided to set up?** What prompted you? Organisations usually have a single sentence which explains why they are in existence, called a **Mission Statement** or Overall Aim.

**Write down your Mission Statement:**

**What a difference do you want to make?** What do you want to achieve by running your group? We are not talking about specific activities, but broader achievements. For example, your group may want to improve the quality of life for a particular group, or to increase public awareness or educate people about a particular topic. **These are your aims.**

**Write down your aims:**

**How will you achieve your aims?** These are your specific activities or services. For example, if one of your aims is to improve the quality of life of a particular group, then your activity may be to run a support group or provide an advice service. You are looking for

specific activities which can be measurable in terms of what they have achieved. **These are your objectives.**

**Write down your objectives:**

## Drawing up a Plan

Once you have thought about the questions in this section, and written your answers down, then you are well on your way to producing a plan for your organisation.

From your list of activities you will need to prioritise. Think about what you can realistically set up and successfully run. Make a list of the activities you want to set up in the first year. Then make a list of what you need to do first to set up the activities. What is the first thing you need to do?

Your plan should cover the following areas:

* Your mission statement, aims and objectives;
* The people involved in managing the group;
* An assessment of the need for your group’s activities;
* A breakdown of the activities you want to provide and how much they will cost;
* An assessment of the benefits you want from your activities and how you will measure them; and
* An action plan for the first year

## Measuring the Benefits of your work

You need to be able to demonstrate that your work will be successful. The best way of doing this is to put in place a system which can measure how successful you are. There are two main parts of your work which you need to measure:

* **Your activities –** Should have indicators which can be measured, perhaps numerical ones. For example, if you want to run a support group, you should estimate how many people will join your group over a period of time and on a weekly basis – say, 10 people attending per week. These groups are known as **outputs.**
* **Your aims -** You should be able to assess regularly how you are meeting your aims. For example, if one of your aims is to improve the quality of life of a particular group, then you should identify **outcomes** which show that you are achieving your aims.

# Managing money and people

## Financial management

**Setting up a financial system**

One of the first things you will do when you start to run your group is to open a bank account. One of the main criteria to be eligible for funding is to have a bank account which has at least two signatories, called an association or clubs and societies account (they are different names according to the bank).

It is a good idea to have three or four signatories, so that if someone is away you can still sign cheques. Handling money is a serious matter, and this is particularly so when public money is involved. It is best to treat your organisation’s money as if it is your own money – compare setting up your group to starting your own business.

Financial controls show to the outside world that money is safe and accounted for, this helps to avoid any risk to your money & minimise errors.

Here are a few guidelines:

* It is a good idea to have a written set of finance procedures;
* It is important that your management committee is aware of their responsibilities, and that your Treasurer has the required skills – additional training may be needed;
* Make sure you set up a proper financial system from the beginning. Try to set aside some time each week to deal with receipts & correspondence;
* Decisions about expenditure should only be made by people authorised to do so;
* Ensure the Treasurer makes regular financial reports to the committee and that bank statements are regularly reconciled;
* It is important that your work is within an agreed budget. This will allow your expenditure to be monitored and ensure that your costs do not exceed your limits;
* Have two people who are responsible for handling and recording money and always have two signatories to sign cheques;
* Open post in the presence of two people;
* Have two people take money to the bank;
* Never sign blank cheques!
* Segregation of duties – divide your financial processes into tasks and allocate each to a different person. People can check the previous task before carrying out their own. This helps to avoid mistakes & makes fraud difficult to go undetected;
* Receipts and invoices should be obtained for all payments. Ensure cash collections and donations are paid into your organisation’s bank account;
* Your organisation’s money should always be separate from personal money;
* Don’t allow an account to remain dormant;
* Never keep more cash than is necessary on the premises; and
* Petty cash – access should be restricted, and the petty cash book should be written up and balanced regularly, and the cash in hand counted to make sure it agrees.

## Tax and Insurance

**Staff**

If you employ staff then you will be responsible as an employer for Employer’s Liability Insurance and paying the necessary tax and National Insurance Contributions.

**Corporation Tax**

If your group is registered as a charity then you will be exempt from a number of taxes. If you are not yet registered then you will not be entitled to exemptions unless you have gained official exemption from the Inland Revenue. You are not liable for tax on donations (gifts of money or grants for which there is no expectation of benefit in return). However, any profits from trading or fundraising activities, including bank interest will be liable for Corporation Tax. The exception is profit from small scale fundraising events. If you think you may be liable to pay tax on profits you are making then contact your local tax office.

**VAT**

Contrary to popular belief, registered charities do not have a blanket exemption from VAT. Certain payments (for example, advertising) are exempt from VAT for registered charities. Otherwise, you will be treated just as any other organisation. If your income from business supplies (trading or services for which you charge, not donations) exceeds the VAT threshold

(in the year 2015/2016 it is £82,000) then you may have to register for VAT and charge VAT on goods and services provided.

If you think you will reach this threshold then you need to contact Customs and Excise.

**Insurance**

There are many types of insurance which can apply to an organisation - some are compulsory, others will depend on the type of work you are doing or intend to do. Here is a list of the most common:

* **Employer’s Liability Insurance** is a legal requirement for all employers, to cover employees against personal injury or illness arising from their employment;
* **Public Liability Insurance** covers claims by members of the public against negligence by an organisation regarding premises or public activities. It is good practice to ensure that volunteers and members of the governing body are also insured, either through employers or public liability insurance;
* **Professional Liability** covers claims against services (e.g. advice) provided;
* **Fidelity Insurance** covers the organisation for theft by or dishonesty of employees, volunteers, or those who handle money for the organisation;
* **Special Events.** Insurance can be taken out to cover cancellation of events due to reasons beyond its control, e.g. non-appearance of a key person, or rain;
* **Indemnity Insurance**;
* **Motor Vehicle Insurance;**
* **Buildings Insurance;**
* **Contents and Money Insurance;** and
* **Product Liability Insurance**

**Make sure -** you are aware of exclusions, special conditions and ceilings on amounts.

**Disclaimers** – can in some circumstances limit liability (but never for death or personal injury). Legal advice should be sought before attempting to exclude liability in this way.

## Managing People

**Volunteers**

Volunteers are an essential part of most voluntary organisations. New groups which set up are generally volunteer-run before workloads and funding may allow for paid staff. The National Centre for Volunteering has produced a Good Practice guide for groups working with Volunteers, which is available for reference from Voluntary Action Rutland.

It is good practice to reimburse volunteers their out of pocket expenses. However, any payment to a volunteer over and above genuine expenses could mean that the volunteer actually becomes an employee.

**Staff**

If you are thinking of employing staff you must be aware of your organisation’s legal responsibilities as an employer and the rights of your employees. Laws governing employees are extensive and change rapidly, so the first step is to familiarise yourself with legal requirements and good practice.

* The Governing Body (committee, trustees or Board of Directors) are responsible for employment as with other aspects of the organisation;
* Employees must be covered by Employer’s Liability Insurance and you will need to deduct tax and national insurance if earnings reach a certain threshold;
* The difference between employed, self employed and casual workers is complex. You cannot simply assume a worker is self-employed to avoid employment responsibilities; and
* Regulations are in place governing minimum wage, holiday entitlements, sick pay, unfair dismissal, redundancy, working time restrictions, entitlements of part time workers and other legislation.

**Disclosure and Barring Service (DBS) Checks**

These checks are required if staff or volunteers will be working with vulnerable adults or children, or working with authorised payment institutions as a director or manager. Further details can be found on the DBS web site https://www.gov.uk/disclosure-barring-service-check/overview.

# Fundraising

## Making a case for funding

Raising and sustaining funding is often the bottom line for voluntary organisations. Before you begin to raise funds you need to have a clear idea of what you want to spend your money on and why. This follows similar principles to identifying your aims and objectives, which were looked at in the previous section.

**Key Principles**

Presenting or ‘packaging’ your funding proposal is not the only ingredient of success. You need to have a clear plan of what you want your organisation to achieve, and to demonstrate clearly how your funding proposal will help to achieve this.

Fundraising involves knowing:

* What the problem is (the need);
* What the solution is (the project);
* Why you should be given money to solve the problem (your selling points); and
* Who should give you the money (researching your funders)

Start at the beginning, and use your Mission Statement and Aims and Objectives. What does your organisation want to achieve? What are the main services you provide or new activities you want to develop? From these objectives, you should be able to identify your main project areas. You need to identify clearly how your projects will further your organisation’s aims.

**Developing your project**

You need to think in terms of projects. Funders like giving money for specific projects which have a clear need, a clear benefit, and a timescale. Asking for money for general running costs is not as appealing, For example, projects which are more appealing include those which are: innovative; tackle new problems; involve disadvantaged groups; are hard to finance; are one-off costs; or are ‘pump-priming’ (raising money in order to attract other funding).

This doesn’t mean that you can’t raise money for your core costs. Don’t think of core costs as ‘separate’. Organisations pay for rent, bills, telephones and salaries in order to further their aims – they are not expenditures in themselves. You can’t run a charitable organisation just to pay a telephone bill - this is illegal! Instead, see your organisation

as made up of a series of projects, with core costs divided between each project. However, some funders (including the National Lottery Charities Board) will only accept costs which are actually additional expenditure incurred.

Your first step is to establish the need. What is the problem, and why is it important? What will happen if no action is taken? Remember that these are not your organisation’s needs, but the needs of your beneficiaries. Needs assessments do not necessarily have to be lengthy and expensive – you could use existing local statistics or information, or carry out your own simple questionnaire.

When you are setting out your project’s activities, be specific and thorough about what you want to carry out and why. And don’t just list the activities; make sure it is clear why you want to carry out the project and what you intend to achieve. For example, it sounds more appealing to ‘widen community involvement through the development of a community facility’ rather than to ‘buy a building’.

When costing, you need to be specific, comprehensive, and realistic. Include all costs, including ‘hidden costs’ – the proportional extra cost of overheads, telephone bills, photocopying, and so on. Shop around for quotes if you are applying for specific items (e.g. equipment or training), and demonstrate that you are asking for value-for–money. If the total cost seems too low or too high, then go back and rethink some of your estimates.

Remember also to include the ‘in-kind’ costs, or the cost of things which are being provided for you free. So for example, if someone is giving you the hire of a hall for free, work out exactly how much that would normally have cost. This will help your application, because it will show that your project can demonstrate ‘value for money’.

Who will benefit? How will you measure the benefits? ‘Value for money’ does not just mean having a low-cost project. Instead, you need to emphasise the benefits of the project compared to the amount spent. What will you do when the money runs out?

All this should demonstrate value for money.

* Efficient and cost effective; and
* Big outcomes for small outlay.

Try and give figures of money which may be saved as a result of your project.

If you have strengths and weaknesses, be honest about them. Identifying weaknesses is the first step to tackling them. Do not hide weaknesses – funders can spot them!

**Selling Yourself**

You obviously feel you should receive money for your work, but why should a funder support you? You need to put this across, by ‘selling’ your idea.

**Establish your credibility**. Funders need to be confident that you will be able to carry out the project better than anyone else. If you are a new group and don’t have a ‘track record’, emphasise the particular skills or previous experience amongst the people in your organisation. You can also demonstrate your credibility by the quality of your planning and budgeting, and show that you will be able to manage funds and account for them.

**Promote yourself –** Funders need to know about your organisation and that it is worthy of their money.

* Develop good quality publicity and letterheads. Keep it simple - large pictures, small amount of text. Have a good quality annual report and make sure it is widely distributed; and
* It might be a good idea to have a fundraising newsletter. This can give information about the sort of funding you are seeking, and any special fundraising events you are running. It doesn’t have to be a frequent or very long newsletter.

Personal contact can be key. The more you can develop your relationship with a funder the better. This could involve a telephone call, or even inviting a funder to visit your organisation.

## Sources of Funding

**Applications to grant-making trusts**

* All trusts work in very different ways so try and find out as much about how they work, what their criteria are and their deadlines;
* They all have different criteria - make sure you know what they say they fund, what they don’t fund, and also what they actually fund in practice and what their average grant is (particularly if they have very broad funding priorities). Make sure that your project areas fit in to the criteria – very simple but very important;
* Remember that over 90% of the money comes from the top 300 grant–making trusts but if you are working in a specialist field then a smaller trust may be more appropriate;
* One way of quickly identifying relevant funders is by using a computer package; and

Voluntary Action Rutland has a package called Fundfinder which pinpoints specific funders which might be relevant. But this is all it will do - it won’t write the application for you!

**Companies**

Companies are not actually a large source of funding, but are still pursued by voluntary organisations. Some 25% of fundraising costs are spent on Company Giving but raise only 8% of total income.

* There are guides to company giving available in the same way as directories of grant-making trust. However, remember that personal contacts are very important. Try and find a personal contact (for example, you know a member of staff), and try and think of links between your organisation and the work of the company. Sending unsolicited letters will not meet with a very good response. And remember that some Companies have their own grant-making trusts – for example Lloyds TSB Foundation;
* Big chains may give vouchers rather than considering substantial donations, so again, make sure you have made the initial contact;
* There is a big difference between donations and sponsorship. A donation is money that is given without any expectation of anything in return (other than a simple acknowledgement). Sponsorship is very much a two-way agreement between the organisation and the company - both will benefit; and
* Companies could support your organisation in other ways. They may be able to donate equipment such as computers, or they may be able to donate staff time to help you with specific projects. Business in the Community is an organisation which was set up to strengthen the links between businesses and their local community, and they may be able to find volunteers who have specific skills which could help your organisation. Companies could also fundraise for you.

**Making Funding Applications – a few extra tips**

* Make sure you are familiar with the application process and timetable for your funder. Leave plenty of time;
* Be clear and concise in communicating the need, the project, its benefits and your credibility to carry it out. Do not assume the funder knows anything about your organisation;
* Remember that some funders (including the National Lottery Charities Board) will not negotiate over applications and amounts;
* Make sure you read the requirements of the application form – over half the applications fail for this reason!
* Check costings carefully to make sure everything is included and the figures add up;
* You don’t need to fill every single bit of blank space on the form – remember that the space provided is for the longest expected answer, not the shortest. But do not leave any answers completely blank – it may be returned to you as unfinished; and
* If you are writing a letter:
  + Keep it short and simple – no jargon, and keep to 2 sides of A4;
  + Make it as personalised as possible – not ‘dear sir/madam’. Don’t send circulars;
  + Use good quality, headed paper – but don’t be too plush! and
  + Include relevant supporting information - remember the assessor will have to read through it all, so don’t put in too much.

**Afterwards**

**If you get the money – say thank you.**

Are you aware of the grant conditions which you have signed? Some of the funders require detailed monitoring and evaluation of your activities. All funders will require evidence that you have spent the money on what you said you would – which means keeping detailed records, receipts, and so on. Of course, this is good practice for any organisation.

**If you don’t get the money** – find out why. Was the project unsuitable or not presented very well? Can it be improved? Did it not fit the criteria? Or it may have been a good application but there wasn’t enough money. Can you reapply immediately?

Whether you are successful or not – make sure you keep in touch with your funders – send them publicity, newsletters and annual reports. Funders are not always ‘one-off’ - you may want to approach them in the future to apply for a renewal, a long-term grant, or for a different project.

Remember to keep a record of all the funders you have approached. A database of relevant funders is ideal. You can keep track of who you have applied to - it is easy to forget - and you don’t have to wade through grant directories.

**Events**

Establishing a fundraising event is a good way of generating a regular source of income to cover ongoing costs. It is also a good source of local publicity for your group.

* Establish an annual event. This will ensure regular support and volunteer help, and will become a community event in its own right; and
* There are lots of different small scale fundraising events which you could run. But remember, they are time-consuming.

**Donations**

Personal donations are a large source of income for the voluntary sector. Larger charities have developed increasingly sophisticated methods of generating income from the general public. Some of the approaches include:

* ‘Cold’ and ‘warm’ mail shots;
* Direct donations on the street;
* Telephone canvassing;
* House to house collections;
* Regular donations via direct debit;
* Legacies; and
* A major development for personal donations is Gift Aid. Income tax at the standard rate can be reclaimed from donations by any UK taxpayer, as long as you have their consent.

# What to do next

**Voluntary Action Rutland Support**

Voluntary Action Rutland is here to provide help, support and give advice to new and small groups. When you have read through this pack and thought about some of the questions and issues, contact Voluntary Action Rutland to discuss what help you might need.

**Voluntary Action Rutland Tel: 01572 722622**

**Lands’ End Way www.varutland.org.uk**

**Oakham email: enquiries@varutland.org.uk**

**Rutland**

**LE15 6RB**

**Useful information**

Voluntary Action Rutland has a Resource Centre with a number of useful sources of information and reference for new groups.

**General Publications**

Voluntary but not Amateur: a Guide to Voluntary Organisations and the Law (Jacki Reason, Ruth Hayes, and Duncan Forbes)

Just About Managing: Effective Management for Voluntary Organisations and Community Groups (Sandi Adirondack, 2005, LVSC)

Getting it right from the start.

The Voluntary Sector Legal Handbook (Sandi Adirondack, James Sinclair Taylor, 2001, DSC)

National Council for Voluntary Organisations (NCVO) Helpline: 0800 2 798 798

Companies House [www.companies-house.gov.uk](http://www.companies-house.gov.uk)

London Voluntary Service council [www.lvsc.org.uk](http://www.lvsc.org.uk)

*Many thanks to Lincolnshire CVS and Voluntary Action Bromley for information and advice on creating this document.*