

## 4. Constitutions

### Introduction

This document gives information about constitutions and certain other related issues and is meant to be of assistance to new and emerging groups and organisations. The new Charities Act 2006 will bring about changes in connection with the registration and administration of charities. The Act will be implemented in stages during 2007-2008.

### What is a Constitution?

A constitution is a written set of rules explaining what an organisation is seeking to do and how it will be managed. A constitution will normally be agreed and signed by those first setting up a group or organisation and then be confirmed at a formal meeting of the wider membership of a group.

### What will it contain?

A variety of clauses required covering the various legal, operational and other issues that might arise.

The most important clauses are:

**The Objects Clause:** Sets out what an organisation is trying to achieve. This clause does not have to specify every activity but should give a broad outline of what the group is trying to achieve, give details of any specific group of type of people that it intends to work with (i.e. youth, elderly people) and specify any geographic area or area of benefit. Special care needs to be taken concerning the actual wording of the **objects clause** if a group is considering registering as a charity.

**Executive Committee Clause:** Will explain how the committee is to be made up and how people are appointed to it.

**Procedures for Meetings Clauses:** Will set out the details for conducting committee meetings, Annual General Meetings and any Special Meetings. Most importantly the clauses will specify the minimum number of members who can be present at a meeting (quorum) before decisions can be made. It will also specify the month in which the Annual General Meeting should take place.

**Amendments Clause:** Will explain the procedure for making amendments to the constitution.

**Dissolution Clause:** Will explain the procedure for dissolving a group or organisation and for disposing of any surplus assets after clearing any liabilities.

### Why do we need one?

It is important that there is a written and agreed record of the process by which a group will be managed. The constitution will be the document that is referred to in the event of any dispute or query concerning the operation of the group.

A constitution will probably be needed to open a bank account for the group.

A constitution will almost certainly be required as part of any application for funding.

### **What are the various forms that an organisation can take?**

Please see the separate information sheet on this subject.

Brief details of the three most used options are given below:

#### **Unincorporated Association**

This is most usual when an organisation has a membership and an executive or management committee is elected from that membership.

#### **Trust**

This arrangement is usual when an organisation does not have a membership but instead a number of trustees are appointed to run it.

#### **Company Limited by Guarantee**

The most complicated method of getting established and normally only used by larger organisations or those who will be entering into a number contracts and/or will be employing a number of staff.

### **Which one is best for us?**

It all rather depends on how you intend to operate. Most new groups will start off as **Unincorporated Associations** or **Trusts** because it is a quick and easy process. There is no need for registration (unless the group is to become a charity) and no direct regulation. The disadvantage is that the members may be liable to make good any deficiency should the organisation fail financially.

A **Company Limited by Guarantee** needs to be registered with Companies House and is subject to the requirements of the Companies Acts. However it does give the organisation its own legal identity and some protection from personal liability.

### **Do we need to register as a charity?**

If your organisation is carrying out objectives that are charitable and the income is more than £1,000 per annum (£5,000 under the new Act) then the organisation is required to register as a charity. Be aware, however, that not all voluntary work is automatically charitable. The ability to register will depend on exactly what type of activity is taking place and the wording of the objects clause in the constitution.

### **Can we write our own constitution?**

It is possible but not recommended. Constitutions can be quite complicated and in trying to write your own is quite likely that you will overlook an important clause. This could cause problems later on.

### **Where can we get sample constitutions?**

Voluntary Impact will be able to supply you with a draft constitution after discussing the needs of your group. Samples can be provided electronically or in hard copy. The former has the advantage of being much easier to complete and print out.

The Charity Commission produces model constitutions and help notes to aid their completion. If you are considering registering as a charity, the use of a Charity

Commission model document will speed up the process. The Charity Commission also provides specimen objects clauses.

Details are on the Charity Commission Website: [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)

If your group is affiliated to a national body then it is quite likely that the national body will have a sample constitution, indeed, they may insist that your group uses their model as a requirement of being affiliated to them.

***Further information:***

**Charity Commission Publications**

GD2 Model Trust Deed

GD3 Model Constitution for an Unincorporated Association

**Community Matters Information Sheets (available from Community Matters and Community Matters Bucks)**

2. Standing Orders for a Community Organisation – guidance and examples

50. Specimen Constitution for a Small Non-Charitable Community Organisation

79. Sample Constitution for a Residents or Tenants Association

Model Constitution for a Community Association

**Village Hall Information Sheets (available from ACRE and Bucks Community Action)**

Model Rules for Village Halls

*There may be a charge for information sheets, which are available to members and non-members from the above organisations*