



## **GOVERNANCE PRIMER**

AN OVERVIEW FOR NEW AND EMERGING  
VOLUNTARY GROUPS AND CHARITIES

GLAMORGAN VOLUNTARY SERVICES  
2017

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The advice provided in this document is intended to provide a snapshot of the guidance that exists to support new and emerging voluntary groups and organisations. It is intended that trustees also read the accompanying links that are provided for a more comprehensive understanding.

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Please be aware that this document was accurate at the time of publication. If you become aware of any broken links, or updated guidance, we would be grateful if you would contact us on: [enquiries@gvs.wales](mailto:enquiries@gvs.wales).

# 1. FROM IDEA TO ACTION - OVERVIEW

Do you have an idea for a voluntary group or a charity? This section provides an overview of the various stages that you should go through in taking that idea and turning it into a reality.

## 1. Check for duplication

First of all, check to see whether something similar already exists. As a starting point, speak to your local County Voluntary Council (CVC), or look on Google. If there is something similar already running, consider contacting them to see if you can contribute to that, rather than duplicating work that is already being done.

## 2. Outline your idea

Write down the idea that you have so that it is clear for anyone to understand. This is important as it helps to limit misunderstandings. This outline can be developed and expanded over time.

## 3. Recruit trustees

Voluntary groups and charities are governed by trustees. When starting a new organisation, try to find people who share your passion and who would bring knowledge, skills and experience to the table. Aim for a minimum of three people – once these trustees are in place, you can work together to establish and run your organisation. See section 2 for more information.

## 4. Choose a legal structure

You will need to decide on a legal structure for the organisation. This decision will primarily determine the level of trustee liability, the type of governing document you will need, and the way that decisions are taken. See section 3 for more information.

## 5. Write a governing document

Depending on the legal structure you have chosen, you will need to complete the associated governing document. Think of a governing document as a rulebook for the organisation, only it's one the trustees get to write themselves. See section 4 for more information.

## 6. Is the organisation charitable?

Is the work that you do charitable in the eyes of the law? If so, you should be aware of the responsibilities and benefits that come with this and plan accordingly. See section 5 for more information.

## 7. Write policies and procedures

There will be times when the organisation will need to have policies in place that outline the correct procedures to follow for a particular scenario. For example, a membership policy may be appropriate to outline fees, restrictions and the like.

## Running the organisation

**Once the trustees have formally adopted the governing document, you can begin working in earnest – set up a bank account, hold meetings, apply for funding and more. See sections 6 and 7 for more information.**

## 2. TRUSTEES

As the people responsible for governing the organisation, trustees are the lifeblood of any voluntary group or charity. The following guidance is intended to summarise some of the most important advice applicable to trustees.

### Know your governing document

The single most important piece of advice for any trustee is that they should read and understand the organisation's governing document. This document outlines what the organisation is set up to do and what powers it has to achieve these aims. Without this knowledge it is very difficult to make considered decisions that are in the best interests of the organisation and its beneficiaries.

### Understand that all trustees are equally responsible

Whether you are the founder, or the chair, every single member of the trustee board is equally responsible for the governance of the organisation. It is crucial that trustees act in a collective, democratic manner, as outlined in the organisation's governing document.

### Bring in a range of skills

An effective trustee board will ideally be made up of people from a diverse range of backgrounds with various skillsets. When recruiting trustees, consider what type of skills would benefit the organisation, and look to fill those gaps.

### Assign a chair, secretary and treasurer

These time-tested roles play an important part in the effective governance of an organisation. Broadly speaking, the chair person is responsible for representing the organisation externally, chairing meetings, and may have a casting vote in the event of a tied decision. The secretary will typically arrange meetings, as well as write and distribute minutes. The treasurer will typically take the lead on maintaining the organisation's accounts.

### USEFUL INFORMATION

#### The Essential Trustee

<https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3>

This guidance is produced by the Charity Commission and is a fantastic resource for every trustee. As part of any trustee induction, along with reading the constitution, this document should be considered essential reading.

#### Volunteering Wales

[https://www.volunteering-wales.net/?splash\\_page\\_viewed=1](https://www.volunteering-wales.net/?splash_page_viewed=1)

The Volunteering Wales website is a national website used for the recruitment of volunteers. Adverts can be posted on this website to attract trustees to the organisation.

### 3. LEGAL STRUCTURES

When setting up a new organisation, it's important to understand the various legal structures that can be adopted. There are many different legal structures to choose from and this decision can have a long-term impact on the way the organisation is governed. As such, it's worth taking the time to discuss and understand the differences so that trustees can ensure the most appropriate legal structure is chosen.

#### Incorporated or Unincorporated

Before considering legal structures, it is important to understand the difference between being incorporated and unincorporated.

Incorporated legal structures offer trustees limited liability, in the sense that the organisation is considered a legal entity in its own right. This 'protection' can be considered a benefit as it can provide trustees with a sense of security but typically the organisation would require a more comprehensive governing document and a greater level of administration.

Unincorporated organisations require that trustees take on personal liability for the organisation. While this can seem daunting, this set up is well suited to organisations with relatively low levels of income and expenditure.

#### Example Legal Structure: Unincorporated Association

This is a relatively quick and straight-forward legal structure to adopt. In terms of a governing document, a constitution would need to be written. Trustees have a large degree of control in terms of how the organisation will operate.

#### Example Legal Structure: Charitable Incorporated Organisation (CIO)

A CIO is a relatively new legal structure, which can be attractive to charitable organisations that wish to become incorporated. The primary advantage over forming a company is that a CIO only needs to produce financial accounts for the Charity Commission, (as opposed to both the Charity Commission and Companies House). In addition, it will be granted a charity number irrespective of its annual income.

#### USEFUL INFORMATION

##### Choosing a legal Structure – WCVA (pdf)

<http://www.wcva-ids.org.uk/gvs/1035>

The guidance provided in this pdf provides detail on all of the major legal structures available to voluntary groups, social enterprises and charities. As such, it is an excellent starting point.

##### Choosing a legal structure – The Charity Commission

<https://www.gov.uk/guidance/charity-types-how-to-choose-a-structure>

This advice is written by the Charity Commission and is an excellent resource if you are planning for your organisation to become a charity.

##### Legal Structures Comparison Chart

<https://www.voluntaryworks.org/resource/legal-structures-chart>

## 4. THE GOVERNING DOCUMENT

The governing document provides the framework for the way in which the organisation is governed by the trustees. It will typically outline the nature of the work done by the organisation, the powers available to trustees, dissolution procedures, and much more besides. The type of governing document required will vary depending upon the legal structure that is in place.

### Use a template

You don't need to reinvent the wheel. High quality, time-tested template governing documents have been written and are freely available from many reputable sources, including CVC's, The Charity Commission and Companies House. This takes a lot of the work out of this process, which means you can focus your time on adapting the template to meet the needs of your organisation.

### Build in flexibility

The governing document will require trustees to specify all manner of details, e.g. the minimum and maximum number of trustees. While some organisations are fortunate with trustee recruitment, many will encounter issues at some point or another. As such, it is a good idea to specify a low number for the minimum (three is generally considered a good minimum). This logic should be applied to all decisions in relation to the governing document.

### Plan for the worst

It is a given that issues around the governance of the organisation will arise from time to time. These issues can generally be resolved by referring to the governing document and following the procedure outlined there. However, there are occasions where an unforeseen situation may arise, and guidance on this may not be explicit in the governing document. It is worth considering worst case scenarios with your fellow trustees so you can plan for any eventuality, as these issues can potentially cause great harm to an organisation.

### Review periodically

It is normal for organisations to change and evolve over time. It's important that trustees periodically review their governing document to ensure that it remains fit for purpose. If it is not, then steps should be taken to amend the document accordingly. Note that if the organisation is a registered charity, trustees may need to gain approval from the Charity Commission before changes are made.

### USEFUL INFORMATION

**General guidance on writing a governing document – The Charity Commission**

<https://www.gov.uk/guidance/how-to-write-your-charitys-governing-document>

**Template governing documents for charities and voluntary groups – The Charity Commission**

<https://www.gov.uk/government/publications/setting-up-a-charity-model-governing-documents>

**Template governing documents for Limited Companies – Companies House**

<https://www.gov.uk/guidance/model-articles-of-association-for-limited-companies>

## 5. CHARITIES

If 100% of an organisation's activity is deemed charitable by law, then that organisation is technically a charity. If that organisation has an income of over £5000 per annum (note that CIO's do not need to meet this threshold) then the trustees have an obligation to register with the charity commission. It is important that trustees understand this as it is a legal obligation.

### The benefits of being a charity

There are three main benefits to being a registered charity. These are:

- **Tax Relief**  
This includes most income, provided it is used for charitable purposes. Gift Aid can also be claimed.
- **Access to funding**  
There are many grants that are available specifically to charities.
- **Reduced business rates**  
This can be an important benefit for organisations seeking to rent premises.

For more information, see:

<https://www.gov.uk/guidance/how-to-set-up-a-charity-cc21a>

<https://www.gov.uk/charities-and-tax>

### Writing charitable objects

When writing the governing document, trustees will be required to write their 'objects.' These should explain:

- What outcomes the organisation is set up to achieve.
- How it will achieve these outcomes

- Who will benefit from these outcomes.
- Where the benefits extend to.

In order to ensure that your organisation is considered charitable as defined by law, it is essential that the objects written in the governing document are worded in such a way as to accurately reflect this. Incorrect wording of these objects can commonly result in the Charity Commission rejecting applications until they have been amended.

The Charity Commission provides excellent guidance on how to write charitable objects. It also provides excellent example objects which can be copied and amended as appropriate. See:

<https://www.gov.uk/guidance/how-to-write-charitable-purposes>

### Registering with the Charity Commission

If the objects are exclusively charitable and the organisation has an income of above £5000 per annum, you are obliged to register with the Charity Commission. Charities can be registered online via the following web page:

<https://www.gov.uk/guidance/how-to-register-your-charity-cc21b>

### USEFUL INFORMATION

#### A List of the 13 Charitable Purposes

<https://www.gov.uk/government/publications/charitable-purposes>

## 6. EFFECTIVE MEETINGS

Holding effective meetings are an essential part of governance for any organisation. These are opportunities for trustees to formally discuss, plan and make decisions on issues that affect the organisation.

### Follow the governing document

The governing document will specify how many meetings should be held every year. It should also state the attendance figure for the meeting to be considered 'quorate' – this is the minimum number of people needed for decisions taken at a meeting to be considered binding.

### Draw up an agenda

The agenda is intended to focus attention on important issues. It gives meetings structure and clarity. The agenda should be circulated in advance of the meeting so that attendees have the opportunity to request that additional items for discussion are added.

### Take minutes

A record of who is present, what is discussed, and arising actions should be taken at every meeting. These are usually taken by the secretary, but it's not uncommon for the responsibility to be shared. The minutes do not need to be a word for word account, but should be an accurate reflection of what has taken place.

### Managing conflicts of interest

Conflicts of interest arise when a trustee's impartiality could be called into question. For example, if the organisation was awarding a contract and a trustee knew one of the contractors bidding for the work, that trustee should declare their conflict of interest and play no part in any decisions around this aspect of governance.

It is highly recommended that trustees develop a robust conflict of interest policy which outlines the process.

### The role of the chair

The chair is typically expected to conduct meetings, ensuring the agenda is being followed. A good chair will ensure that everyone is given the opportunity to speak – meetings should not be dominated by individuals (including the chair). Depending on the governing document, the chair may hold a casting vote in the event of a tie.

### The role of the secretary

The secretary will typically be the person that arranges the meeting (venue and time), distributes the agenda, and takes the minutes.

## USEFUL INFORMATION

**Advice for trustees on holding effective meetings – The Charity Commission**

<https://www.gov.uk/government/publications/charities-and-meetings-cc48>

## 7. NEXT STEPS

### Register with GVS (Glamorgan Voluntary Services)

GVS is here to provide help and support to trustees with all aspects of running their organisation – including advice on governance, funding, volunteer recruitment, access to training, practical services and marketing opportunities. You can find out more about GVS and apply for membership by visiting the website:

<http://www.gvs.wales/>

### Refer to online guidance when necessary

In addition to the guidance linked from this document, another comprehensive set of supporting materials has been produced by WCVA (Wales Council for Voluntary Action) in conjunction with CVCs (County Voluntary Councils), and can be found here:

<http://www.gvs.wales/support-for-groups/information-services/information-sheets>

### DBS Checks

It is essential that organisations that work with children and young people, or vulnerable adults, understand their responsibilities in terms of requiring DBS (Disclosure and Barring Service) checks. To find out more about this, visit:

<http://www.wcva-safeguarding.org.uk/DBS-safer-recruiting>

### Encourage trustee training

In many ways an organisation is only as strong as its trustee board. With this in mind, encourage trustees to undertake regular training in areas that will benefit the organisation. GVS offers a range of training opportunities, which can be explored by clicking on the following link:

<http://www.gvs.wales/support-for-groups/gvs-training>

### Conduct governance health checks periodically

Running periodic health checks on your organisation is considered excellent practice. There are many health check plans that can be followed, including the following one, which was developed by WCVA (pdf):

[https://www.wcva.org.uk/media/258953/governance\\_health\\_check.pdf](https://www.wcva.org.uk/media/258953/governance_health_check.pdf)

Further information on best practice can be obtained through the Charity Governance Code:

<https://www.charitygovernancecode.org/en>

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<https://www.wcva.org.uk/members-partners/third-sector-support-wales>