



## **BMG Information Sheet Number 7**

### **Getting Formal**

There are several structures for voluntary organizations, the most common for a smaller community based organization being an UNINCORPORATED ASSOCIATION (which may or may not have charitable status).

Unincorporated Associations are quick and cheap to set up and are not required by law to seek approval of any kind before setting up. Such associations do not have to register with any regulatory body (unless charitable status is obtained, in which case the Association would be registered with the Charity Commission for England, Wales and N. Ireland, or the Inland Revenue in Scotland).

Whatever type of voluntary organization you wish to set up, you are strongly advised to have a CONSTITUTION.

#### **What is a Constitution**

A Constitution is a legal document, which sets out the rules and guidelines for operating/governing an organization. It is of course entirely up to individual groups as to whether or not they want to have a constitution, but in most cases it is advisable for the following reasons (the list is not exhaustive).

- To ensure the organization's aims are clear and agreed by its members.

- To provide mechanisms for making decisions and resolving disputes.

- To gain credibility with bank managers, funders etc (most potential funders will ask for a copy of an organization's constitution and most will not consider funding unless you have a constitution).

- To ensure accountability.

- To enable an organization to take advantage of the benefits of charitable status (you must have a written constitution to apply for charitable status –

- Some charitable Trusts and other grant making agencies will not consider awarding funding unless you are a registered charity (or in Scotland "Recognized by the Inland Revenue as a Charity").

- It may enable an organization to affiliate to their local council for voluntary organizations or other co-ordinating agencies.

#### **How Does a Constitution Work?**

In general terms a constitution for a voluntary organization will have the following components:

Name of the organization

Objects, Powers and Area of Benefit

Objects -(Aims and Objectives). This defines the main aims of the organization, its activities and services, its main beneficiaries and what it hopes to achieve. The Aims should be written in order of priority.

Powers -This clause should include everything that a group intends to do in order to achieve its objectives.

Area of Benefit - This defines the main catchment area of a group, for example the district, town or local authority area in which most of the activities will take place or where most of the beneficiaries are located.



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EXAMPLE - The following is an extract from the constitution of the Lanarkshire Guitar and Mandolin Association:

*"The objects of the Association are to Promote, Improve, Develop and Maintain public education in music and in particular, mandolin, mandola and guitar music and other associated instruments by the public performance of said music (Powers) and in furtherance thereof. -*

- (a) To promote the music of mandolins and guitars to the inhabitants of Lanarkshire (Area of benefit)*
- (b) To encourage interest in the named instruments and to assist in the musical and instrumental education of the mandolin and guitar (this section really covers everything else you may want to do to achieve your objectives ie. workshops, school visits etc).*
- (c) To encourage all levels and abilities of players to join a plucked string orchestra, including the elderly and disabled citizens of Lanarkshire.*

#### Procedures, Rules and Guidelines

These elements provide the finer details of running the organization and would normally include details relating to: Membership, AGM and other meetings, Management Committee and Committee meetings, keeping finances/accounts, voting procedures, what constitutes a quorum, alterations to the constitution etc.

#### Dissolution

This clause would describe the procedures for winding up an organization. The power to make such a decision usually rests with members of the organization at an AGM or EGM.

Usually this clause would describe how any remaining assets are dealt with. In normal circumstances they would be used to pay off any debts of the organization, with any remaining assets being given to an organization with similar aims and objectives to your own.

#### Drawing up a Constitution

Model constitutions are available. The Charities Commission has models for organizations wishing to register as a charity. Your local Voluntary Services council or organization will have models and examples can be obtained from a variety of books available in libraries.

Inevitably model constitutions are general and will probably need adapting to meet your specific needs. We will be happy to give any advice and if necessary can provide you with a copy of the constitution of the Lanarkshire Guitar and Mandolin Association.

#### Going for Charitable Status and Applying for Grants

Please contact the BMG Federation for further information on going for charitable status and applying for grants.