

Organisation Development Toolkit



East Cambridgeshire
District Council

VCAEC



"we're in it together"

VOLUNTARY & COMMUNITY ACTION
EAST CAMBRIDGESHIRE

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Introduction and overview

This toolkit has been produced to help Voluntary and Community organisations based in East Cambridgeshire improve the way they operate, meet current legislation and put in place systems and procedures which are more likely to meet the requirements of funders. The toolkit also contains suggestions which are simply good practice.

The toolkit is designed to be used either by an existing organisation or by a new organisation.

A new organisation

The toolkit covers many of the common issues which a new organisation will face and gives practical guidance on how to deal with them. There may be other issues specific to your organisation which are not covered; please contact VCAEC to discuss these in more detail.

Setting up a new organisation may seem daunting but it is better to spend a little time getting the basics right at the start as this will actually help your organisation develop and could save a lot of time in the future.

An existing organisation

Your organisation may have been running for a number of years but it is still a good idea to regularly review your policies and procedures to make sure you are up to date and meeting current requirements.

Typically many organisations only think about the way they run when a funder asks for details of policies and procedures; this

can dissuade some groups from applying for funds in the first place. If you regularly review the way your organisation works you are likely to be better placed to take advantage of opportunities at short notice.

The checklist in Appendix 1 of this toolkit will benefit both new and existing organisations in highlighting things to be included, strengths and areas for development

Further information and guidance on the topics covered in this toolkit is available from:

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1. Getting organised

Whether you are a group that has been operating for a while or a collection of people considering forming an organisation, the following information is relevant. How you start (or review) can make the running of every group smoother, more efficient and more effective; to the benefit of everybody.

The greatest cause of friction within most organisations is when people have different aims which are not compatible (though they may have started out in agreement) and think it is the others who have “strayed” from the purpose of the group!

Many activities are more effective when shared by people working together, so finding others who share your interests or concerns is vital to the successful formation of a group. You can find these other people by using posters, word of mouth and the local press. Once there are a number of people who share an idea or opinion, the beginnings of a group are underway.

By setting down the aims of the group it becomes clear whether everyone is in agreement about what they think the purpose of the group is.

Start by asking, and answering, a few basic questions...

What do you want to do?

- What exactly is the group going to do? E.g. Fundraise; Provide a service; Lobby for change; Be a focal point for like-minded people to share an interest, or some other function.

Keep the purpose concise as this will help keep everyone focussed. Be realistic - keep in mind available resources e.g. people, time, money, skills etc. The aims will affect the geographical area that the group will operate in or benefit. Is the group going to work for the wider community or solely for its members?

Why do you want to do it?

- Will the group’s activities provide personal or wider community benefits e.g. setting up a pre-school club when you and some neighbours/friends have young children?

The answer to this may affect whether the group has a long life or is planned to exist for the short-term

- Is it felt that the local statutory services are not providing something and local people feel they can provide it for themselves?

If it can be demonstrated that the group is meeting some statutory aims it may be in a position to negotiate some funding support.

Are you overlapping with other groups?

Duplicating what other groups are doing will make it difficult getting support, funding or volunteers, particularly in the same locality. Working in partnership with another group; perhaps by adding skills and experience to their activities, or by working together to develop a new idea, can be a better use of resources and produce results quicker.

2. Getting Active!

Forming a committee

There is usually a collection of people who are responsible for the running of the group. They may be called the Management Committee, The Board of Trustees or the Steering Group.

Obviously, the core of start-up people form the committee in the beginning but they are often elected by and from within the membership of the group if it is structured in such a way.

There is no standardisation for the size of the managing committee but to be a full member of this committee the people forming it must be able to vote. This is to ensure that decisions are made in a democratic way and so all committee members take collective responsibility.

Established good practice means there are usually a minimum of 3 responsibility posts within the committee i.e. Chair, Treasurer and Secretary.

A constituted group that aims to benefit the wider community should consider the following as a model of good practice:

Committee duties:

- Comply with the governing document.
- Act prudently and in the long term interests of the organisation.
- Act in the best interests of beneficiaries.
- Avoid conflicts of interest.
- Act collectively.

Committee responsibilities

- Set the organisation's aims.
- Make strategic plans and policy.
- Create policies and procedures to manage the organisation.
- Approve and monitor programmes and activities.
- Ensure the organisation has adequate financial resources.
- Control finances and ensure sound risk management.
- Enhance the organisation's public image.
- Select and induct new board members.
- Carry out board business efficiently.

In addition, where staff are employed:

- Appoint and support staff members.
- Act as a responsible employer.

VCAEC have a range of books and guides which all organisations can access.

3. Constitution and status

We strongly recommend that all organisations create, and adopt, a constitution; a written statement which sets out an organisation's aims (also called objects) and the rules which govern the running of the organisation.

A constitution usually includes:

- The organisation name.
- The objects or aims.
- The powers of the committee to achieve the aims.
- Membership of the organisation.
- The number of committee members and how they are elected.
- Procedures for holding meetings and making decisions.
- What happens to the assets if the organisation is wound up?

WRITING A CONSTITUTION:

TASK

- Construct a few sentences which summarise the purpose, activities and basic structure of the group (e.g. how often the committee will meet and how decisions are made) using the above list as a prompt, and make sure that the committee agrees that this is the organisation they want to be involved in!

This "document" will form the basic Constitution of the group (it is also referred to as the Governing Document or Set of Rules) so it should be dated and signed by the Chair.

- Ensure that included in the Constitution is the facility to make modifications to it at a future date. This enables the committee to implement changes as the group develops and if it needs to deal with more complex structures e.g. employers liabilities, property etc.

The format the constitution takes will be affected by an important decision your new committee has to make which determines what type of organisation you want your group to be.

Deciding on the organisation status

There are three key structures to organisations:

- **Unincorporated Associations**
- **Registered Charities**
- **Incorporated Limited Company**

(Organisations can also be formed under a deed of trust but this is far less common)

UNINCORPORATED ASSOCIATIONS

The vast majority of voluntary and community organisations fall into this category and of these most are not registered as charities. It may be appropriate to establish an unincorporated association when:

- The organisation is to be relatively small in terms of assets
- It has a membership
- Committee members are to be elected by members and are appointed to hold office for a fixed period
- The aims of the organisation are carried out through or by the members

The disadvantages of the unincorporated association are:

- It will not be able to own land or investments in its own name.
- The committee may be liable for the repayment of any debts incurred on behalf of the organisation

VCAEC can provide you with a constitution template if you decide to form an **Unincorporated Association**.

REGISTERING AS A CHARITY

You will need to decide whether you wish to register your organisation as a charity (with the Charity Commission).

The main advantages are that charities:

- Do not normally have to pay income/ incorporation tax, capital gains tax or stamp duty and gifts to charities are free from inheritance tax.
- Pay no more than 20% of normal business rates on buildings which they use or occupy to further charitable purposes.
- Can get special VAT treatment in some circumstances.
- Are often able to raise funds more easily than non-charitable bodies.
- Can formally represent and meet the needs of the community.
- Are able to give the assurance of being monitored by the Charity Commission.

There are restrictions on what a charity can do and the way it operates.

A charity must have exclusively charitable purposes. Some organisations have a range of activities - some charitable – some not. If the Charity Commission do not believe the aims are wholly charitable they will not register your organisation.

- There are limits to the extent of political or campaigning activities which a charity can take on.
- Strict rules apply to trading by charities.
- Trustees are not allowed to receive financial benefit from the charity unless specifically authorised.

For any organisation intending to **register as a charity** we strongly recommend that you use the model documents available from the Charity Commission.
(www.charitycommission.gov.uk)

INCORPORATED LIMITED COMPANY

Incorporated organisations (companies) have to register with Companies House and are bound by company law (if they are also charities they are also bound by Charity Law)

Organisations (including registered charities) become companies when:

- They regularly enter into commercial contracts.
- They own or lease a building or employ a large number of staff
- The charity needs a separate legal entity to take on legal responsibilities
- They deliver charitable services under contractual agreements.

Note

If you are considering forming a **company limited by guarantee** we recommend that you take advice from a solicitor or accountant.

VCAEC can provide further information and resources regarding the different structures.

4. Policies and procedures

Having appropriate policies and procedures and making sure they are adhered to is one of the best ways of operating safely and meeting legal requirements. Exactly which policies you need will depend upon each individual organisation and will need to be developed in a way which meets the needs of that organisation. Nevertheless many funders will at least expect you to have the following:

- Equal Opportunities Policy.
- Health & Safety Policy.

Also, if you work with these groups:

- Child Protection and/or Vulnerable Adults Policy

Policy Templates

VCAEC can provide you with a number of templates to help you develop a range of common policies including:

- Child Protection
- Complaints Procedure
- Confidentiality
- Disciplinary & Grievance Procedure
- Equal Opportunities
- Financial Controls
- Health & Safety
- Induction for volunteers and staff
- Lone Working
- Terms & Conditions of Employment
- Volunteering
- Environment or “Green” Policy

When developing policies for your organisation it is important to consider the issues as they affect your organisation. Whilst we can provide examples of documents on which you can base your own policies you should not assume that these will cover all circumstances or eventualities.

If you would like to develop a policy which is not included on the list please contact a VCAEC Development Worker as we may still be able to help.

Note

It is strongly recommended that policies and procedures are reviewed on a regular basis (at least annually) to ensure that they reflect current legislation and are relevant to the way the organisation operates.

5. Strategic and business planning

One of the key responsibilities for the Management Committee is to set the overall strategy (or direction) for the organisation and the easiest way to document this is in a strategic plan.

If you have not already done so, now is the time to agree the key aims for your organisation and make sure everybody agrees with them.

Having done this, the key questions to ask are:

- Where are we now? (Point A)
- Where do we want to be in, say, 3 years time? (Point B)
- What are the steps along the way?
- What resources will we need to achieve this change? (people, equipment, money).

For some organisations, points A & B may be the same simply because you do not envisage changing what you are currently doing. This does not negate the need for planning.

Consider the following:

- Will you have funds available to replace any equipment you currently use when it wears out?
- How will you replace staff or volunteers who may leave?
- What happens if key members of your Management Committee leave?
- Do you have contingency funds for unexpected expenses?

These things happen regularly even in the best run organisations but sitting down and working out what you will need and might have to plan for can help a lot.

A strategy to build up some cash reserves, regularly recruit new volunteers and members to your board can soften the blow of unexpected eventualities.

For some organisations substantial changes may be planned or you may be looking to raise significant funds and in these circumstances it may be better to develop a business plan.

Business Plans

Developing a business plan can be a major task for any organisation. It involves both a review of the organisation itself and the external factors which could affect the organisation. The plan will differ for each organisation but a good plan is likely to include:

- Details of the organisation its activities and resources.
- Details of likely beneficiaries or service users.
- A review of Strengths, Weaknesses, Opportunities and Threats. (SWOT analysis)
- Likely future trends.
- Strategic aims.
- A development or activity plan showing what is to be done, when and by whom.
- A financial or resource plan and budget.

VCAEC has a range of books and guides to help organisations develop a business plan.

6. Financial management

Managing financial resources and risk is a key aspect for any organisation. We strongly recommend that all organisations develop and apply a financial policy to include:

- Setting and monitoring an annual budget.
- Who will authorise expenditure on behalf of the organisation?
- Who will sign cheques? (we recommend at least 2 signatories on each cheque).
- Who will keep the financial records?
- Who will control cash coming in (and banking it)?

In many organisations one person undertakes the majority of these jobs so ask yourself; who is monitoring that person?

Risks and reserves

All organisations should undertake a regular review of the risks facing the organisation and the level of reserves (cash in the bank) they need to hold. This is often done at the end of the financial year when accounts are produced for the Annual General Meeting.

If you are a registered charity you must report these policies as part of the Annual Report.

VCAEC can provide further information and resources about developing a financial policy.

7. Staff and volunteers

Staff or volunteers are likely to be among the most valuable assets of your organisation. You have legal obligations towards them but also there is a range of good practice that you should adopt.

All staff and volunteers should be covered by:

- An Equal Opportunities policy.
- A Health and Safety policy.
- A Lone Working policy.
- A Discipline and Grievance procedure.

You should also:

- Take up references on all staff and volunteers.
- Undertake CRB checks if you work with children or vulnerable adults.
- Offer regular training to all staff and volunteers.
- Offer a formal induction to new staff and volunteers.
- Have a clear procedure for reimbursing expenses.
- Consider whether you need a policy on confidentiality.

For volunteers it is recommended that you:

- Have a volunteering policy or charter.
- Have a simple volunteering agreement.
- Review current guidance and good practice on the Volunteering England web site. (www.volunteering.org.uk)

For all staff you must:

- Comply with current legislation including minimum wage and statutory holiday entitlements. Provide at least Statutory Sick Pay.
- Meet the requirements for Statutory Maternity and Paternity Pay.
- Provide written terms and conditions of employment.

It is also strongly recommended that each member of staff has a job description.

VCAEC can provide information and resources to help you develop many of the above policies.

8. Quality assurance

Quality assurance is a customer centred philosophy based on the belief that the quality of an organisation's services must be constantly monitored and appropriate action is taken to improve services where required. The changing demands from funders means that many organisations are now looking to adopt a formal quality system.

The potential benefits of adopting a Quality Assurance System include:

- An improved understanding of the organisation and its services.
- Services are improved.
- More discussion tends to be generated both within the organisation and with service users.
- A useful management tool is developed.
- The organisation can gain external recognition.
- Improved chances of securing funding or support.

There are cost and time implications to implement any quality assurance system and indeed there are many potential systems you could adopt. It can take up to 12 months to fully implement a quality system and routine work will have to continue during this period. Before taking any decision to implement a system you need to be clear on why you are doing this and decide which of the many systems available would best meet your needs. We also recommend that you talk to funders and other stakeholders to make sure that they recognise the system you propose to implement.

As part of their membership criteria some national organisations require members to adopt core standards and in effect this is a quality system. Common quality systems adopted in the Voluntary and Community Sector include:

- PQASSO (Practical Quality Assurance System for Small Organisations).
- Investors in People.
- EFQM (Excellence Model).
- ISO 9000.
- Charter Mark.
- Community Legal Service Quality Mark.

Many, though not all, of these systems include an external, often annual, assessment so bear in mind that there will be an ongoing time and financial commitment.

VCAEC can provide further information and resources about quality assurance systems.

Appendix 1

VOLUNTARY & COMMUNITY ACTION EAST CAMBRIDGESHIRE

Small Group Organisation “Health Check”

This is a self help tool designed to assist you highlight areas within your organisation which may require attention. Some of the questions may not be relevant to your organisation.

Management Committee

1	Do you have a committee or group of people who run the organisation	Yes / No
2	Do you have a written constitution?	Yes / No
3	Do you have a chair, treasurer and secretary?	Yes / No
4	Are all committee members aware of their duties and responsibilities?	Yes / No
5	Is the number of committee members you have at present in line with the requirements in your governing document?	Yes / No
6	Are dates for meetings agreed well in advance?	Yes / No
7	Do all committee members attend meetings regularly?	Yes / No
8	Are there any service users on the committee?	Yes / No
9	Are agendas circulated before meetings?	Yes / No
10	Are minutes taken of all meetings?	Yes / No
11	Are these circulated to members before the next meeting?	Yes / No
12	Do you hold annual general meetings if outlined/stated in your governing document ?	Yes / No
13	Is the governing document reviewed from time to time to ensure that it still meets the needs of the organisation?	Yes / No

Internal Management

1	Are there clear lines of responsibility within your organisation?	Yes / No
2	Do you have liability/indemnity insurance?	Yes / No
3	Do you have property and buildings insurance (where appropriate)?	Yes / No

4	Are insurances regularly reviewed to ensure adequate cover and value for money?	Yes / No
5	Do you hold registration or affiliations for all or part of your work?	Yes / No
6	If yes, do you regularly check that you are complying with the requirements of these?	Yes / No
7	Do you have a written child protection policy (where appropriate)?	Yes / No
8	Do you have a written equal opportunities policy?	Yes / No
9	Do you have a written health and safety policy?	Yes / No
10	Do you have an environmental or “green” policy relating to your group?	Yes / No
11	Are you registered under the Data Protection Act?	Yes / No
12	Do you know if you should be?	Yes / No
13	Do you have a trained first aider, first aid box and accident form?	Yes / No
14	Do you have a formal complaints procedure and is this easily accessible to users?	Yes / No

Financial Controls

1	Are proper books and records kept of all transactions?	Yes / No
2	Do the records enable you to identify income and expenditure relating to separate projects or events?	Yes / No
3	Are accounts formally approved by the committee at an annual meeting?	Yes / No
4	Are existing committee members provided with a set of accounts annually?	Yes / No
5	Do you work out an annual budget?	Yes / No
6	Do you undertake public collections? (if no, go to Question 11)	Yes / No
7	Do you know the legal requirements for public collections?	Yes / No
8	Is all money paid directly into the organisation’s bank account?	Yes / No
9	Are records maintained for each fund raising event?	Yes / No
10	Are similar records kept of sponsored events?	Yes / No
11	Are incoming receipts banked at least weekly	Yes / No

12	Does someone other than the person keeping the financial records regularly check the entries in the books?	Yes / No
13	Is supporting documentation held for all expenditure?	Yes / No
14	Are there at least two signatories required on cheques?	Yes / No
15	Are the signatories unrelated (including by marriage)?	Yes / No
16	Is all cheque expenditure recorded in the cash book with the relevant cheque number?	Yes / No
17	Are bank and building society statements regularly checked by the committee?	Yes / No

Volunteers

1	Do you take up references for volunteers?	Yes / No
2	Do you undertake CRB checks on new volunteers (where appropriate)	Yes / No
3	Are volunteers offered regular training?	Yes / No
4	Is there a formal induction for new volunteers	Yes / No
5	Are volunteer expenses reimbursed?	Yes / No
6	Is a claim form used and receipts required?	Yes / No

Your service/activity

1	Do you have a written policy on who can use your services?	Yes / No
2	If you have a waiting list is it monitored regularly?	Yes / No
3	Do you maintain records of people using your services?	Yes / No
4	Do you use these records to inform development of the service?	Yes / No
5	Do you produce regular publicity material?	Yes / No
6	Are there people who do not use your services?	Yes / No
7	Do you know why they don't use your services?	Yes / No
8	Do you use any means of measuring user's satisfaction with your services?	Yes / No
9	Do you update the information regularly	Yes / No

The Future

1	Do you have a plan for the development of your group?	Yes / No
2	Will you need extra money to achieve this?	Yes / No
3	Do you have plans to raise these funds?	Yes / No
4	Will you need any other resources to meet your plan?	Yes / No
5	Will the same people still be running the group in 3 years time?	Yes / No
6	If not, are there other people to take over	Yes / No
7	Are you training others to take over?	Yes / No



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Documents prepared by East Cambridgeshire District Council are available in Community Languages, Large Print, Moon, Braille, Audio Cassette and Electronic format upon request.