

Organisational Development Toolkit



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Foreword

As Portfolio Holder for Community Development and Partnerships for Fenland, it gives me great pleasure to introduce this Community Toolkit. At Fenland District Council we are committed to supporting and sustaining the voluntary and community sector as we believe they play a vital role in the quality of life in our district. This toolkit is an excellent example of good partnership working between Fenland District Council and the voluntary sector and I am sure will prove an invaluable resource for voluntary and community groups across the board. The toolkit combines a step by step guide to funding opportunities and a useful organisational development guide, which helps groups to either establish themselves or build on existing practice.



This is the first version of this toolkit, which will be updated as necessary; the district has never had such a resource before so we are very excited about the potential effect on the voluntary and community sector.

We hope you will find this document practical and useful and look forward to working with you in the future for the benefit of our community.

Councillor Jill Tuck
Portfolio Holder for Community Development and Partnerships

Information and guidance

Information and guidance on the topics covered in this toolkit are available from:

Fenland Council for Voluntary Service
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Cambridgeshire
PE15 9JF

Tel. 01354 659772
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Introduction and overview

This toolkit has been produced to help Voluntary and Community organisations based in Fenland 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 a Fenland CVS Development Worker 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 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 at Appendix 1 of this toolkit should be of specific benefit in helping an existing organisation to highlight strengths and areas for possible development.

Getting started

Irrespective of whether you are a new or existing organisation the best place to start is by setting or reviewing your key aims. Think about the key things your organisation was set up to do (or is being set up to do) and write them down. Try to construct a couple of sentences which summarise these aims and make sure that everybody agrees that is the organisation's purpose.

The greatest cause of friction within any organisation is when different groupings have different aims which are not compatible. Aims can be changed (in accordance with the constitution).

Example

The aim of XYZ is to improve the quality of life of people living in and around the village of ABC by bringing together all sections of the community through a range of social and community activities. We also want to improve and develop the range of community facilities available to enable more activities to be held locally.

Self assessment checklist

Once you have agreed the aims of the organisation we recommend that you refer to the self assessment checklist contained in Appendix 1. This covers most key areas but not all questions will be applicable to every organisation.

For an existing organisation the checklist should highlight priority areas where you may need to take action. For a new organisation it will provide a structure for you to work through and ensure that you adopt good practices as well as put in place key documents.

The various sections of the toolkit provide you with additional support.

Constitution and status

There are three key decisions that you will need to make in setting up a new group:

- ✓ Do you want to register your organisation as a charity, and then,
- ✓ Will your organisation be an unincorporated association?
- ✓ Will you register as a Company Limited by Guarantee?

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

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.

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.
- ✓ Trustees are to be elected by members and are appointed to hold office for a fixed period.
- ✓ The objects of the organisation are carried out through or by the members.

The disadvantages of the unincorporated association are that:

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

Why become a Company Limited by Guarantee?

Organisations often 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.

The name of the organisation

The name you choose is important as that is what most members of the public will remember. Make sure you choose a name that is not misleading and is sufficiently different from other organisations to avoid confusion.

Note

If you register as a charity the Charity Commission may require you to change your name if your name is too similar to an existing organisation or contains a word or expression which may cause offence. We strongly advise that you check your proposed name against the register of charities before proceeding. (www.charitycommission.gov.uk).

The constitution

Any organisation intending to register as a charity must have a written constitution. We strongly recommend that all organisations should adopt a constitution; these are the rules which govern the running of the organisation and are likely to include:

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

The form they will take will depend upon:

- ✓ Whether or not you intend to register as a charity.
- ✓ Whether or not you intend to register as a company.

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)

For a **Company Limited by Guarantee** we also recommend that you consult your solicitor or accountant.

Fenland CVS can provide you with a constitution template for an Unincorporated Association not intending to register as a charity.

The Management Committee

Also known as the 'Trustee Board', 'Management Board' or simply 'the committee' this is the group that is responsible for running the organisation. The committee is elected in accordance with the constitution (usually at the AGM) and will serve for a specified period but may be re-elected if the constitution allows. Unless the constitution says otherwise, if you are on the committee, assume you are a trustee.

The committee must:

- ✓ Comply with the governing document.
- ✓ Act prudently and in the long term interests of the organisation.
- ✓ Comply with charity or company law as appropriate.
- ✓ Protect the organisation's property.
- ✓ Act in the best interests of beneficiaries.
- ✓ Avoid conflicts of interest.
- ✓ Act collectively.

The responsibilities of the committee

- ✓ 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.

Fenland CVS offer a training programme covering these topics and, in addition, have a range of books and guides which organisations can borrow.

Strategic and business planning

One of the key responsibilities for the Management Committee is to set the overall strategy for the organisation and the easiest way to document this is in a strategic or business 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:

- ✓ How will you replace the 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?
- ✓ What happens if your rent or insurance goes up by 20%?
- ✓ Will you be affected by any proposed legal changes?

These things happen regularly even in the best run organisations but sitting down and working out what you will need and when 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.
- ✓ 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.

Fenland CVS offers training on Business Planning as part of its training programme and has a range of books and guides to help organisations develop a business plan.

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

Fenland CVS can provide you with a template to help you to develop a finance policy.

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 vulnerable people.
- ✓ 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 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.

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)

Fenland CVS can provide templates to help you develop many of the above policies.

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 please bear in mind that there will be an ongoing time and financial commitment.

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.
- ✓ Child Protection or Vulnerable Adults Policy (if you work with these groups).

Policy Templates

Fenland CVS can provide you with 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
- ✓ Lone Working
- ✓ Terms & Conditions of Employment
- ✓ Use of Resources
- ✓ Volunteering

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 above list please contact a Fenland CVS 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 to ensure that they reflect current legislation and are relevant to the way the organisation operates.

FENLAND COUNCIL FOR VOLUNTARY SERVICE Small Groups Health Check

This health check is a self help tool designed to help 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 as trustees? | 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 as provided in your governing document which are open to all? | 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 |

1 Internal management

- | | | |
|----|---------------------------------------------------------------------------------------|----------|
| 2 | Are there clear lines of responsibility within your organisation? | Yes / No |
| 3 | Do you have liability insurance? | Yes / No |
| 4 | Do you have property and buildings insurance? | Yes / No |
| 5 | Are insurances regularly reviewed to ensure adequate cover and value for money? | Yes / No |
| 6 | Do you hold registration or affiliations for all or part of your work? | Yes / No |
| 7 | If yes, do you regularly check that you are complying with the requirements of these? | Yes / No |
| 8 | Do you have a written child protection policy? | Yes / No |
| 9 | Do you have a written equal opportunities policy? | Yes / No |
| 10 | Do you have a written health and safety policy? | Yes / No |
| 11 | Are you registered under the Data Protection Act? | Yes / No |
| 12 | Do you have a trained first aider, first aid box and accident book? | Yes / No |
| 13 | 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 trustees 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? 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? Yes / No
- 3 Are staff and 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 Are there waiting lists? 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? Yes / No
- 8 Do you use any means of measuring user's satisfaction with your services? Yes / No
- 9 When did you last do this? 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 anything else 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 |

A more detailed health check, which may be more appropriate for larger groups, is available from Fenland CVS on request.

Funder's Criteria

Depending upon existing need and proposed activities a project such as this could meet the criteria of funders interested in:

- Children & Young People
- Sporting activities
- Health and wellbeing
- Skills and training
- Improving employment opportunities
- Reducing antisocial behaviour
- Music & arts
- Social inclusion

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