

Starting a new group

If you've decided to get together with other people to form a community group in order to apply for Lottery funding, there are a few things you will need to bear in mind. Lottery funders look at whether the applicant can deliver the project they are planning. The information here is to advise new groups on what information they need to provide about the group and how it is run.

Getting started

You may have a local helper organisation, for example a Council for Voluntary Service (CVS) or a local authority external funding officer who can give advice on constitutions, eligibility and applications.

Constitution or set of rules

■ What is a constitution?

A constitution is a written document that sets out how an organisation or group works. It may also be called a set of rules, terms of reference or something similar. If it covers the points set out below, it acts as a constitution.

What should it contain?

Here is a list of the things your constitution needs to contain. It does not have to be too detailed, but if any of these sections are missing it could be difficult for your Lottery funder to decide whether to give you a grant.

- **Name of the group:** This is the formal name you use and should be the same as the name on your group's bank account.
- **Objects:** of the group, which can be called aims, objectives or purposes. These are a few short statements about what your group does or plans to do.
- **Powers:** this explains how the group may achieve its objects or purposes, for example, by raising funds or acquiring equipment.
- **Committee:** this explains how the management committee is elected or appointed, for example, elected at the Annual General Meeting for a period of one year. Some Lottery funders require at least three people on the management committee, and that this should be stated in the constitution.
- **Membership:** this describes how people can join your group if they want to. Some Lottery funders require that there is "open membership", in other words that anyone can join who wants to.
- **Payments or benefits:** your constitution should explain whether individuals can receive payments or benefits from your group. Some funders will only support organisations where there is no private gain or profit. This means that there must be no chance that people can make money from the group, although you can pay expenses and wages for staff.
- **Closing down:** this says what would happen if you decide to close the group down, and what would happen to any money or assets that are left over. The assets should be given to another similar group or governing body in the case of a not-for-profit organisation and not be distributed amongst the members.

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■ **Adopting the constitution:** Your management committee should “adopt” your constitution. This means they must all agree that these will be the rules for your group. They should each sign and date the constitution to show this.

Bank account

Your Lottery funder needs to see that you have suitable procedures in place for managing a grant. You will need to open a bank account in the name of your group (your bank will be able to advise you on the most suitable type of account) and decide who from your management committee will be responsible for managing that account. This will normally be your treasurer.

You will need to make sure that at least two signatures are required for all payments and withdrawals. This is good practice for voluntary groups. Your signatories will usually be the treasurer and one other member of your management committee. Three signatories give you flexibility to cover holidays or change signatories when someone leaves.

It is important that all information regarding your bank account is kept, as you may have to submit original bank statements with any application for funding.

Annual accounts

When setting up a new group you must consider how the finances of your organisation will be managed. Your treasurer will be responsible for recording the income and expenditure and producing annual accounts. It is up to you when annual accounts are produced but many groups produce accounts at the end of the financial year. If you decide to apply for funding before your group has been running for a year, you may be able to submit a financial projection for the next twelve months.

Applying for funding

Once you have decided how your group will be run and how you will operate its finances you should be in a position to apply for funding. You should speak to your Lottery funder if you have any other concerns.

Top tips

Get help from a helper agency to set up a new group – they may have model documents that you can use and can advise you on what you should include

Check with your Lottery funder whether they have any specific requirements about your constitution before you apply – for example about the number of members on your management committee

Further help

Contact your local Council for Voluntary Service for help with setting up a new group. Organisations in England and Wales can also get useful advice from the Charity Commission.