



## **BGA CLUB MANAGEMENT GUIDES**

### **Governing Document Summary**

## Background

The instruction manual for an organisation, the 'Governing Document' is your friend and you should refer to it often. It sets out the purpose of the organisation, which informs strategic plans and documents; cross-referencing between the two helps create sustainable plans. It also contains instructions for how meetings are held, so the Secretary will consult it when planning the AGM. This is a long-lived document, so it should only be amended if there are significant and long-lasting changes in circumstances. To help avoid undue stress and conflict, ensure that everyone is familiar with your governing document, and consults it regularly.

## Anatomy of a Governing Document

Underneath the vast array of technical characteristics and details for a myriad of organisations, there is a discernible basic structure

### 1. Name in which the organisation will be administered

### 2. The 'objects' or aims of the organisation

May include a description of the people and/or places who may benefit.

### 3. Power of the Governing Body (i.e. the Committee, Board of Directors etc)

What they can (and can't do) to fulfil the aims of the organisations.

Either in the same section or in a separate section later in the document, there will be provision for the Governing Body to make secondary rules (bye-laws or 'Club Rules') and policies that will run in conjunction with the governing document. This creates a hierarchy of decision making to enable the Governing Body to run the organisation *on behalf of* the membership, whilst ensuring that the key decision making is retained for the members during an Extraordinary General Meeting (EGM). They are all EGMs by the way, with one Annual EGM (AGM) each year. It is not a good idea to include bye-laws or policies in the Governing Document for two reasons: to allow the Governing Body to be able to decide them; and they are usually much shorter lived documents and may need to be amended as legislation changes, such as equality & inclusion, data protection, disability.

### 4. Criteria for membership, voting rights and subscriptions

Sets out who can be a member; how they become and cease to be members; their voting rights; and how any subscriptions are set.

### 5. Procedures for electing the Governing Body (Committee), holding meetings

The members hold an AGM primarily to nominate a group of members to run the organisation on their behalf, usually for a year at a time. The document will set out: the structure and powers of this 'Governing Body'; roles that must be filled; appointing or removing Governing Body members; Office time limits; running general and committee meetings; frequency of meetings; and so on.

### 6. Financial matters

Sets out: managing finances; numbers of signatories required for financial transactions; reimbursement of expenses; whether governing body members can be remunerated (usually not); types of bank account that can be held; whether money can be borrowed; level of audit or independent review; reporting required; and so on.

### 7. Amendment procedures (not always present)

What can be amended and how it can be amended – usually only at a General meeting.

### 8. Dissolution procedures

Sets out how to wind up the organisation; the discharging of any remaining liabilities and instructions on how any remaining assets are to be distributed (usually listed in order of priority to give a degree of future proofing). Modern organisations rarely distribute these to remaining members. This is to prevent private gain from funds for public good.

## Overview & summary: variations to the basic anatomy

Your gliding club will be one of the top 4 & *may* have an additional CASC overlay structure. See how the documents, terms and features vary.

	Organisation Type	Governing Document	Governing Body	Liability	Regulated by	Some defining features (not a complete list)
No contracts	Association	Constitution	Management Committee	Personal ^	No-one	Non-commercial, often small & non-complex. <i>Can't enter into contracts.</i>
	Trust	Trust Deed	Board of Trustees	Personal ^	No-one	There are donated assets.
Incorporated	Industrial & Provident Society	The Rules	Management Committee	Limited, usually to £1	Financial Services Authority and subject to the Industrial and Provident Societies Act 1965.	It has corporate status. Society number ends in R or RS. Cannot be registered under the Charity Commission. If charitable will come under HMRC.
	Company Limited by Guarantee NB if older, your club may be Limited by (low value) Shares	Articles of Association*	Board of Directors	Limited to guarantee, usually max £10	Companies House	Private limited company with guarantors rather than shareholders. Articles of Association will state that members' liability is limited. Usually has assets and/or staff.
	Community Interest Company (CIC)	Articles of Association*	Board of Directors	Limited to guarantee, usually max £10	Companies House	Not-for-profit, but with significant capital assets which are 'locked-in' (hard to sell). Cannot register as a charity.
Overlay structures	Community Amateur Sports Club (CASC)	Depends on organisation's underlying structure	Depends on organisation's underlying structure	Depends on organisation's underlying structure	As required for organisation's type PLUS HMRC	Specifically for Sports Clubs. Membership must be open to all. Dissolution clause allots any assets to similar organisations. Cannot register as a charity.
	Registered Charity	Depends on organisation's underlying structure	Board of Trustees (and also Directors if a Company reporting to Companies House)	Depends on organisation's underlying structure	As required for organisation's type PLUS The Charity Commission	All activities MUST be for charitable purposes. Dissolution clause allots any assets to similar organisations
	Charitable Incorporated Organisation (CIO)	Depends on organisation's underlying structure	Depends on organisation's underlying structure	Depends on organisation's underlying structure	The Charity Commission ONLY	Available since 2011 Dissolution clause allots any assets to similar organisations

\*NB under the Companies Act 2006, changes since 1<sup>st</sup> Oct 2009 mean that there is now one document, but older documents may also have The Memorandum of Association (aka The Mem & Arts)

^Insurance can be arranged to protect individual liability **Please check publications from regulators for most recent details Seek suitably qualified legal advice where necessary**