

# Guide to business compliance

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# 1 Introduction

When you start a social business there are various legal and regulatory aspects of that business which must be considered and complied with. These vary depending on the nature of the business, the legal structure you have chosen for your business, and the activities undertaken.

Compliance is a catch-all term for how well a business follows the legal and regulatory requirements governing its business. It is essential that you understand what is required of your social business and that you have all the processes in place to make sure you are complying with the law.

Social businesses must consider both their one-off compliance obligations when the business starts and their ongoing obligations. Good legal and regulatory compliance is seen as a key part of running a successful social business.

This guide addresses the main requirements that should be considered by those setting up a social business and is intended to help you and those involved through some of the compliance issues.

The guide sits alongside other generic and specialist business guidance that provides more detailed and practical advice on how to be compliant. Relevant links to further guidance and practical resources are provided.

## **Want to discuss topics in this guide further?**

Contact [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop) or your dedicated Business Advisor.

# 2 Definitions

The guide uses the following key terms to cover a range of meanings:

**Social business** – used to cover an organisation of any size, complexity or legal status that has social aims and objectives and uses its profits for those purposes.

**Board / Board members** – used to refer to the people who make up the governing body of the social business. They may be called Directors, Board of Directors, Trustees, Board of Trustees, Management Committee or Executive Committee.

**Activity** – used to cover the main things a social business does – the service provided, or the goods / products sold.

**Users** – used to cover a business's customers, clients, or service users, i.e. those you provide goods and services to.

**Contract** – used to cover different types of funding or activity agreements entered into by the social business. They may be called service level agreements, memorandum of understanding, grant agreements, funding contracts or partnership agreements.

**Incorporated organisation** – any organisation that has incorporated as a limited company, a Company Limited by Guarantee, or a Community Interest Company (known as a CIC), a registered Society or Charitable Incorporated Organisation (known as a CIO)<sup>1</sup>. On incorporation, an organisation becomes a legal entity that exists separately from its membership.

<sup>1</sup> These are the most common structures associated with social businesses. Other options such as a Limited Liability Partnership are beyond the scope of this guide.

**Unincorporated organisation** – an unincorporated organisation is an organisation that exists as a group of individuals or members who have jointly come together for a common purpose but have not formed a separate legal entity. The organisation and the individuals involved are one and the same.

**Legal structure** – the legal form chosen for your social business.

**Governing document** – the formal document which sets up an organisation. The governing document can be referred to as a constitution, articles of association and society rules, depending on the nature of the legal entity created.

**Business compliance** – the legal and regulatory requirements governing a business.

## 3 General background information for business compliance

### 3.1 Legal structure and implications

There are a wide range of legal structures that an organisation can adopt.

The legal structure you choose will determine several aspects of your business compliance including:

- The type of governing document and your governance arrangements

- The regulator of your social business
- The legal context your social business must operate in
- The liability of individual Board members
- Registration process and annual fees.

The following table sets out a summary of the main legal structures and their legal context to help you **assess the areas of compliance that relate to your social business** as you read through the guide.

### 3.2 Regulator and legal context

There are different regulators and legal contexts for each legal structure. Some structures have dual regulation and must comply fully with the requirements of two separate regulators.

The regulator will set out specific requirements which the social business will need to stick to. Regulation will include a requirement to file (submit) accounts and reports with the regulator as follows:

- Companies House regulation for limited companies can be found [here](#)
- CIC regulation for Community Interest Companies can be found [here](#)
- FCA Registered Society regulation can be found [here](#)
- Charity Commission regulation including CIOs can be found [here](#).

# Summary of main context and terminology for most common legal structures adopted by social businesses

What's my legal structure?	What's my Board called?	Who regulates my business?	The legislation governing my business is?	My governing document is called?	What is the liability of my Board members?	Can my business have charitable status?
<b>Unincorporated body:</b> Non-charity status	Management committee	None	N/A	Constitution	Personal liability	Can apply to the Charity Commission for charitable registration
<b>Unincorporated body:</b> Charity status	Management committee and Trustees	Charity Commission	Charities Act 2011	Constitution	Personal liability	Yes
<b>Incorporated:</b> Registered Society	Board of Directors	Financial Conduct Authority (FCA)	Co-operative and Community Benefit Societies Act 2014	Society Rules	Limited liability	Can apply to HMRC for exempt charity status but cannot register with the Charity Commission
<b>Incorporated:</b> Community Interest Company (CIC)	Board of Directors	CIC Regulator and Companies House	Companies Act 2006	Articles of Association	Limited liability	No
<b>Incorporated:</b> Company Limited by Guarantee (not a charity)	Board of Directors	Companies House	Companies Act 2006	Articles of Association	Limited liability	Can apply to the Charity Commission for charitable registration
<b>Incorporated:</b> Company Limited by Guarantee and registered charity (Charitable Company)	Board of Directors and Charitable Trustees	Companies House and Charity Commission	Companies Act 2006 and Charities Act 2011	Articles of association	Limited liability	Yes
<b>Incorporated:</b> Charitable Incorporated Organisation	Charitable Trustees	Charity Commission	Charities Act 2011	Constitution	Limited liability	Yes

### 3.3 Governance arrangements for business compliance

The governance arrangements are the systems and processes used by the social business to make sure that it is run effectively ensuring its overall legality, direction, effectiveness, supervision and accountability.

The Board is responsible for the governance of the social business. Governance is distinct from the day-to-day operation and management activity.

Many of the governance arrangements are set out in the social business's formal governing document which is written as part of its incorporation. The document sets out the rules governing the social business and should contain information about:

- What the social business is set up to do
- How the social business will do those things
- Who will run and manage it
- The administrative arrangements regarding membership, Board appointments of Directors, Members or Trustees, meetings and minutes etc.
- The administrative requirements regarding financial reporting
- What happens if the social business wishes to close?

Governing documents can be called different things, dependant on the type of legal entity created. Your social business will have either a Constitution, Articles of Association or Society Rules. There are model governing documents set out by each regulator. You should be familiar

with the rules contained in your governing document and to ensure you stick to them on a day-to-day basis.

As most governing documents tend to be written in formal legal wording, you may wish to translate the rules into a practical guide or 'aide memoir' summary for easy reference and understanding by your Board and staff, drawing out the key rules that must be followed.

#### Want to discuss further?

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## 4 Board members' responsibilities for business compliance

The term Board is used to cover a wide range of governing bodies, including Directors, Trustees, Management Committee and Executive Committee. The Board is responsible for governing and leading the social business as identified in its legal rules.

Your Board should have the necessary skills, knowledge and experience to manage and lead the social business to ensure it delivers its mission and discharges all legal and regulatory requirements.

This will involve ensuring that:

- Board members are legally appointed
- All Board members are aware of their individual and collective responsibilities
- All relevant business compliance requirements are met
- Legal, systematic and proper oversight of delegation to officers, sub-committees or paid staff and volunteers.

**What might happen if Board members do not take full responsibility for all relevant business compliance? First you need to understand liability.**

**Personal liability:** An unincorporated business does not have its own identity and as such its owners are personally liable for its debts and for any lawful action brought against the business. Liability is unlimited.

**Limited liability:** A limited liability business has its own legal identity, distinct from its Board members and members, meaning that only the business is liable to pay its debts or for any lawful actions; the Directors and members are protected from liability. There are special and rare circumstances when individual Board members may find themselves personally liable.

The purpose of this guide is to make you aware of your legal duties as Board members and to support you to ensure your business is legally compliant in every sense of the word. Fulfilling

your legal roles and responsibilities as Board members of a limited liability business should ensure that you minimise any risk of being personally liable for any debts or legal action brought against you.

There are various areas where liability might arise in running a business as follows:

### **Financial Liability**

As mentioned above, a Board member enjoys the advantage of limited liability and is not personally responsible for a social business's debts. This means that if a business can't pay its debts, only the assets of the business can be taken in an attempt to settle the debts.

There are some instances where Board members/Company Directors may be held personally liable for a business's debts and will use their own funds and assets to settle these:

- A Board member has signed a personal guarantee when taking on a business loan
- The social business has an overdrawn Director's loan account
- Board members have traded fraudulently i.e. with the intent to defraud
- Board members have traded wrongfully i.e. continuing to trade when debts can't be paid and the Board members/Directors knew, or should have known, there was no reasonable prospect the business would avoid insolvency, liquidation or administration.

This can be avoided by ensuring you comply with all the necessary requirements with regards to your regulator (e.g. Companies House) and HMRC and by ensuring you monitor the social business's financial position, acting always in good faith.

## Employment

When employing staff, Board members can, like other employees, be held liable for certain employee claims. Claims can be dealt with through an employment tribunal on unfair wrongful dismissals, discrimination, equal pay, and deductions from wages. The outcome is likely to be a settlement agreement including compensation for the employee. Claims can be brought, for example, against the individual who have discriminated, as well as against the social business.

## Health and safety at work

Under health and safety law, as an employer, you have a responsibility to protect workers and others from risk to their health and safety. Board members must protect employees and others from getting hurt or ill through working. If you don't, a regulator such as the Health and Safety Executive (HSE) or a local authority may take action against you under criminal law. The person affected may make a claim for compensation against you under civil law.

At worst, negligence can lead to a death in the workplace and an action of corporate manslaughter brought against the social business, if it is felt that there has been a gross breach of a duty of care. Prosecutors will charge individual Board members particularly if the social business is being prosecuted for corporate manslaughter.

Board members who act in breach of their legal duties and who do not take the issue of compliance seriously may face:

- Losing their limited liability
- Disqualification from acting as a Board member/Director
- Civil or criminal proceedings.

## Want to discuss the topic further?

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#### 4.1 Legally appointed Board members

Every social business will need to appoint its Board in line with the rules set out in its governing document. The rules will set out a

range of eligibility criteria as well as determine the administrative process for appointing Board members and managing Board meetings.

Area to consider	Information	Further guidance
Who can be a Director, Board Member or Trustee?	<p>There are no specific qualifications for being a Director but there are rules in company and charity legislation that set out when an individual is disqualified (i.e. barred) from becoming a Director or Trustee.</p> <p><b>Companies Act</b> states that to be a Director you need to be:</p> <ul style="list-style-type: none"> <li>■ 16 or over</li> <li>■ not disqualified from being a Director</li> <li>■ not in bankruptcy</li> <li>■ not restrained by the Court from becoming a Director</li> <li>■ not disqualified by the company's own governing document.</li> </ul> <p>Apart from the disqualification and bankruptcy provisions, Companies House will accept nominations for any people the members of a social business deem fit to act in that capacity.</p> <p>The <b>Charity Commission</b> states that to be a Trustee you need to be:</p> <ul style="list-style-type: none"> <li>■ 18 or over other than for charitable companies or CIO where trustees can be 16 or over</li> <li>■ not automatically disqualified</li> <li>■ not disqualified by the Charity Commission.</li> </ul> <p>Trustees are normally asked to complete a Charity Trustee declaration form to confirm their eligibility.</p>	<p><a href="#">Company Director Disqualification</a></p> <p><a href="#">Automatic Disqualifications</a></p> <p><a href="#">Charity Trustee Declaration</a></p>

Area to consider	Information	Further guidance
Governing document specific rules	<p>The governing document will set out social business specific information on Board appointments, including:</p> <ul style="list-style-type: none"> <li>■ how and by who Board members are appointed and removed</li> <li>■ specific social business requirements for Board Members, e.g. skills, representation, disqualifications etc.</li> <li>■ the minimum and maximum number of Board members</li> <li>■ the minimum number of Board members that need to be present to conduct its business (the Quorum)</li> <li>■ the maximum number of years a Board member can sit on the Board (the Term of Office).</li> </ul>	
Eligibility rules Conflict of interest	<p>Board members always have a duty to avoid conflict of interest and to act in the best interest of the social business. Social business should put in place processes and procedures to identify and manage conflict of interest, including:</p> <ul style="list-style-type: none"> <li>■ annual conflict of interest declaration forms;</li> <li>■ separate declaration of any conflict of interest in individual agenda items at Board meetings.</li> </ul>	<p><a href="#">Companies House: Directors Duties</a></p> <p><a href="#">Charity Commission: Conflict of Interest Guide</a></p>
Capacity to act	<p>The <a href="#">Mental Capacity Act 2005</a> needs to be considered when assessing an individual's capacity to take on a Board member position. It says, 'assume a person has the capacity to make a decision themselves, unless it's proved otherwise.'</p> <p>Board members are accountable as a collective. As Board of elected members, people have responsibility for various tasks and roles to ensure the business is compliant. As a collective, the Board will have a shared capacity and understanding of their roles and responsibilities.</p>	<p><b>Want to discuss the topic further?</b></p> <p>Contact <a href="mailto:sbwenquiries@wales.coop">sbwenquiries@wales.coop</a> or your dedicated Business Advisor.</p>

You will need to ensure that your Board members are recruited to meet the skills, knowledge and experience needed to govern your social business efficiently and effectively and have the capacity to deliver.

You may wish to undertake a skills audit of your Board members to determine where there are skills gaps that need to be filled directly. If not available, provide relevant training to upskill individuals so that they can discharge their duties.

## 4.2 Roles and responsibilities of Board members

Your Board needs to meet all its legal and regulatory responsibilities and is accountable to its stakeholders. Board members are individually and collectively responsible for ensuring the social business is effectively and responsibly governed. All Board members need to be aware of their duties and responsibilities.

Responsibilities and duties of a Company Director	Trustee duties and responsibilities
<p>Financial and legal responsibility for running the company and for submitting information to Companies House on time:</p> <ul style="list-style-type: none"> <li>■ the confirmation statement</li> <li>■ the annual accounts</li> <li>■ any change in your company's officers or their personal details</li> <li>■ a change to your company's registered office</li> <li>■ registration of charges (mortgage).</li> </ul>	<p>Financial and legal responsibility for running the charity and for providing information to the Charity Commission on time:</p> <ul style="list-style-type: none"> <li>■ annual report</li> <li>■ annual accounts</li> <li>■ changes in trustees</li> <li>■ reporting of key issues.</li> </ul>
<p>General Duties:</p> <ul style="list-style-type: none"> <li>■ to comply with the company's Governance Document</li> <li>■ to act in best interest to promote the success of the company</li> <li>■ to apply independent judgement</li> <li>■ to act with reasonable care, skill and diligence</li> <li>■ to avoid conflict of interest</li> <li>■ not to accept 3rd party benefits</li> <li>■ confidentiality.</li> </ul>	<p>General Duties:</p> <ul style="list-style-type: none"> <li>■ ensure charity is carrying out its purposes for public benefit</li> <li>■ to comply with the charity's governing document and the law</li> <li>■ to act in charity's best interest</li> <li>■ to manage charity's resources responsibly</li> <li>■ act with reasonable skill and care</li> <li>■ ensure your charity is accountable.</li> </ul>
<p>Further guidance</p> <p><a href="#">Guidance: Being a company director</a></p>	<p>Further guidance</p> <p><a href="#">Guidance: The essential trustee</a></p>

## Directors of Registered Societies

The Companies Act 2006 arranged (codified) Directors' duties for limited companies. Although this codification doesn't apply to Societies, the general duties set out in company law are based on common law and equitable principles. Society Directors are not obliged to follow them, but it is best practice to do so.

Directors of Registered Societies must also operate in line with the Co-operative and Community Benefit Societies Act 2014. Directors should discharge their legal duties and responsibilities in a way which seeks to ensure that the Society remains committed to operating as a successful co-operative business in accordance with the values and principles that are set out in the International Co-operative Alliance Statement of Co-operative Identity. This is the basis of all co-operatives and serve the interests and protect the assets of the Society's members by exercising independent and objective judgement.

Broadly there are three categories of legal duty:

- The duty of good faith
- The duty to take care
- The duty to obey the law.

An in-depth guide on the [Essential Society Director](#) is available from Co-operatives UK.

## Understanding for all Board members on their roles and responsibilities

To assist all Board members to gain a better understanding of their roles and responsibilities, you should consider putting in place the following documentation:

- Board member role description
- Code of conduct for Board members
- Job roles for individual officers – Chairperson, Treasurer and Secretary

- An induction pack (or Board members handbook) for all new Board members providing key information about the business and their roles within it
- Conflict of Interest policy and Register of Board Members' Interests (please see [Template register of Board members interests](#))

From a practical perspective, the Board may choose to delegate some of its activity to ensure the smooth running of the social business.

Note that while the Board can delegate its authority, it cannot delegate its overall responsibility and is ultimately responsible for everything that goes on in a business.

To be effective, delegation needs to be legal, systematic and have proper oversight. Delegation can be to officers, sub-committees or paid staff and volunteers. As a minimum, you need to ensure:

- Any delegation is in line with your governing document
- The delegation is clearly documented setting out specific terms of reference (rules of operation on what they can and cannot do) for sub committees, and appropriate delegated authority documentation for staff and volunteers setting out financial limits where appropriate
- Establish a clear reporting mechanism for the Board to monitor its delegations.

Please see [Example of sub-committee terms of reference](#)

## Links to further guidance

Visit the Social Business Wales [website](#) for:  
[Developing governance capacity](#) and its section on 'Developing your social business Board of Directors'

NB If you use the governance questionnaire, or part of it and want to discuss your answers, please do email [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop)

### Want to discuss the topic further?

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# 5 Main areas of business compliance you will need to consider

You will need to ensure that you are complying with all the legal requirements relevant to your social business. There are a range of legal requirements that relate to different aspects of your businesses' activities, including:

- Governance arrangements as set out in your rule book or governing document
- Specific regulation requirements set out by your businesses' regulator (Charity

Commission, Community Interest Company Regulator, Companies House, Financial Conduct Authority)

- Legal requirements relating to managing people in your business (HR - Human Resources)
- Legal requirements relating to managing your money
- Health and safety requirements
- Data protection and communication requirements
- Contractual requirements
- Regulations relating to specific activities, e.g. need for licences etc.

### Want to discuss the topic further?

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## 5.1 Business compliance: Governing document

Your governing document sets out the legal rules on which your social business is established. You MUST operate within these rules. Key areas that are contained within the governing document are as follows:

Area to consider	What this means
Purpose, objects and powers	These set out what your social business was set up to do and what you can and cannot do to deliver your activities.
Membership	<p>The membership rules set out who can and cannot be members of the social business. They may include:</p> <ul style="list-style-type: none"> <li>■ the different categories of membership</li> <li>■ application process</li> <li>■ termination of membership</li> <li>■ membership fees and subscription levels.</li> </ul>
Board	<p>Information regarding the Board and its members:</p> <ul style="list-style-type: none"> <li>■ appointment of Board members</li> <li>■ eligibility of Board members</li> <li>■ resignations and removal</li> <li>■ length of service</li> <li>■ conflict of interest</li> <li>■ appointment of officers</li> <li>■ how decisions are made.</li> </ul>
Delegations	Details of any general and / or specific delegations that the Board allows and process for delegation. For example, financial delegations allow the approval of expenditure, within certain limits, is set out in a financial delegation document.

Area to consider	What this means
Administration	<p>Administrative rules for areas including:</p> <ul style="list-style-type: none"> <li>■ Board meetings</li> <li>■ members meetings and Annual General Meetings (AGM)</li> <li>■ meeting notice requirements</li> <li>■ quorum (minimum numbers present at meetings before formal decisions can be taken)</li> <li>■ minutes of meetings</li> <li>■ registers of members, Board members and officers.</li> </ul> <p>Please see <a href="#">Guide to Board members meetings</a></p> <p>Templates for your Company Register <a href="#">are available here</a></p> <p>These records are often referred to as the statutory records of the business.</p> <ul style="list-style-type: none"> <li>■ regulatory reporting, financial and audit requirements.</li> </ul>
Closure	<p>This sets out how a decision to close the business is taken and what happens to the assets and property of the business on closure.</p>



## 5.2 Business compliance: Regulators

Each business must abide by the rules set out by its regulator(s). The regulator(s) you need to be accountable to will be determined by the legal

structure of your social business (see 3.1 above). Your business may also be accountable to other regulators dependant on the specific nature of your activities. Key areas to consider are set out below.

Area to consider	What this means
Reporting requirements	<p>Annual returns need to be submitted (or “filed”) with your regulator. This return provides a general snapshot of information about your business and your Board. Format, specific content and deadlines are determined by each individual regulator.</p> <p>Companies House refers to its annual return as a ‘Confirmation Statement’. There is also a requirement for companies to separately identify and register <a href="#">Persons with Significant Control</a>, a list of people who own or control the business because of their proportion of voting rights or shares.</p> <p>There is also a requirement to keep your regulator informed of changes in your governance arrangements, e.g. registered office, Board members, company name etc.</p>
Accounts and audit	<p>There are specific rules on the preparation of accounts, format of accounts, the need for audit and the deadline for submitting accounts to your regulator (formally referred to as the filing of accounts). There are also specific rules on the retention of records.</p>
Tax	<p>A requirement to register with HMRC and meet all tax obligations by accounting (or seek exemption) for tax on your business’ activities:</p> <ul style="list-style-type: none"> <li>■ Corporation tax on any profits or surpluses generated</li> <li>■ VAT where vatable supplies exceed £85,000 in any 12-month period</li> <li>■ PAYE and National Insurance on staff costs.</li> </ul>
Stationery and publicity material requirements	<p>Company law requires that your stationery and publicity materials (including website) clearly identify your business’ identity and legal status.</p>
Activity regulators	<p>A requirement to comply with specific regulation set out for certain activities, e.g. social care registration, licenses, DBS (Disclosure and Barring Service) checks, food safety etc.</p>

### 5.3 Business compliance: Financial

Your social business should comply with the law and good practice in accounting for your money.

Area to consider	What this means
Financial and accounting records	<p>Your business needs to maintain accurate financial and accounting records. Annual accounts need to be prepared, usually for a period of 12 months to your accounting reference date, i.e. your accounting year end. Your accounting reference date will be determined when you first establish the business (although you can change it through your regulator).</p> <p>The level of detail to be included in your accounts will depend on the financial size of your business, with less detail required from smaller businesses.</p>
Record retention	<p>Financial records should be kept for a minimum of six years from the end of your accounting period (your financial year end).</p>
Filing of annual accounts	<p>Production and filing of annual reports and accounts with the regulator within specific reporting deadlines. This is usually within 9 months from your accounting year end for Companies House, 10 months for Charity Commission and within 6 months of AGM for registered Societies. The format of your accounts will be determined by the legal status of your social business.</p>
Audit of accounts	<p>Accounts should be audited or independently examined in line with the requirements of your regulator, the relevant legal context and your governing document.</p> <p>Rules on who can be an auditor or independent examiner are also given, but as a general principle, this should be an auditor or an individual with no personal or direct interest in your business.</p>
Registering and dealing with appropriate tax authorities	<p>Tax applies to all businesses regardless of their legal status and charitable position. You need to consider and account for corporation tax, PAYE and National Insurance, and VAT as appropriate.</p>
Charitable fundraising activity	<p>Fundraising is regulated by the <a href="#">Fundraising Regulator</a>, an independent, non-statutory body that regulates fundraising across the charitable sector in England, Wales and Northern Ireland.</p> <p>The regulator sets and maintains the standards for charitable fundraising in the <a href="#">Code of Fundraising Practice</a> to ensure that fundraising is respectful, open, honest and accountable to the public, and investigates complaints from the public about fundraising, when complaints haven't been resolved by the charities themselves.</p>

## 5.4 Business compliance: Human resources

There are many legal requirements relating to the recruitment and employment of staff. Key areas to consider are set out below.

Area to consider	What this means
Employment law	<p>Employment law covers a wide range of specific matters relating to workers' rights that you need to consider when employing staff including:</p> <ul style="list-style-type: none"> <li>■ Need for written contract of employment</li> <li>■ Wages, national minimum wage and the living wage</li> <li>■ Tax deductions and National Insurance contributions</li> <li>■ Holidays and working time</li> <li>■ Harassment, disciplinary and grievance procedures</li> <li>■ Redundancy and notice periods</li> <li>■ Auto enrolment pension.</li> </ul>
Insurances	<p>Your business needs to have adequate insurance including public liability insurance and employers' liability insurance. The latter is compulsory if you employ staff, freelancers, sub-contractors and volunteers.</p>
Equalities Act 2010	<p>The Equality Act ensures consistency in what employers and employees need to do to make their workplaces a fair environment and comply with the law. It protects people from discrimination in the workplace.</p>
Safeguarding	<p>Safeguarding is used to define actions taken to protect vulnerable groups from harm. All businesses that work or come into contact with children or vulnerable adults need to have safeguarding policies and procedures in place.</p> <p>You need to protect people who come into contact with your social business from abuse or mistreatment of any kind. This applies to your Board, your staff, your volunteers and your community who use your services. You will need to have appropriate safeguarding policies, processes and reporting in place to manage this including DBS (Disclosure and Barring Service) checks where appropriate.</p>

## 5.5 Business compliance: Health and safety

If your business employs staff or contractors or receives visitors, in addition to employment law obligations, there are a number of health and safety obligations that you need to consider.

All workers, whether employed or self-employed, are entitled to work in a safe environment. The requirements for complying with this obligation are very broad.

In addition, if your business has premises and you employ staff and volunteers, then you need to consider fire safety and the obligations imposed by the Regulatory Reform (Fire Safety) Order 2005.

Area to consider	What this means
Health and safety law	<p>Your business needs to abide by Health and Safety law, which includes PAT testing, Provision and Use of Work Equipment Regulations (PUWER), Manual Handling and Control of Substances Hazardous to Health (COSHH) where appropriate.</p> <p>The <a href="#">Health and Safety Executive</a> (HSE) is Britain's national regulator for workplace health and safety.</p> <p>Other considerations include food safety and food hygiene registrations.</p>
Fire safety	<p>Compliance with the Regulatory Reform (Fire Safety) Order 2005 legislation, requires that all businesses with premises install and maintain a fire protection system. This means as a minimum that you must have fire extinguishers available on the premises. In addition, you need to carry out and keep a written fire risk assessment. You should also appoint a fire marshal and establish an office evacuation procedure.</p>

## 5.6 Business compliance: Data and communications

Area to consider	What this means
<p>Data Protection law - General Data Protection Regulation (GDPR)</p>	<p>Your business needs to ensure it abides with the Data Protection Act 2018 which is the UK's implementation of the General Data Protection Regulation (GDPR) to control how personal information is being used.</p> <p>The <a href="#">Information Commissioner's Office (ICO)</a> is the UK's independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals.</p> <p>Your business will need appropriate systems and procedures for holding and managing any personal and sensitive information it receives.</p> <p>The <a href="#">ICO provides a checklist</a> that is a self-assessment tool for small businesses on compliance with data protection rules. This is a useful resource.</p>
<p>Stationery and publication requirements</p>	<p>The Companies Act 2006 requires that <a href="#">all stationery for limited companies</a> (this includes social businesses) shows the full name of the company, the address of the registered office, place of registration, registration number and VAT number in addition to your own logo. This relates to letter head, website and publicity materials.</p> <p>By law, charities must give information about their status in various places. This is so that anyone working or doing business with the charity knows what sort of business they are dealing with. <a href="#">NCVO Knowhow</a> offers advice and support for charities and voluntary organisations on the law.</p>
<p>Copyright for use of photographs</p>	<p>You need to ensure that any photos or logos used for marketing purposes have the appropriate copyright. <a href="#">Pexels</a> offers royalty free stock images and photos.</p>

## 5.7 Business compliance: Contractual

Area to consider	What this means
Terms of contracts	<p>Your business will enter into many contracts and agreements for exchange of goods, services or money. A contract is a legally binding agreement which is legally enforceable.</p> <p>You need to ensure that you carefully read all terms and conditions of an agreement before it is agreed. Once signed, you will need to abide by all its terms and conditions.</p>
Intellectual property	<p>Copyright, patents, designs and trademarks are all types of <a href="#">intellectual property</a> protection. You get some types of protection automatically, others you must apply for.</p>
Funding agreements	<p>If you enter into funding agreements, you will need to ensure that you are happy with the terms and conditions before you sign up to it.</p> <p>Funding agreements may have specific reference to the use of funding and the way in which the funds are to be accounted for e.g. held and accounted for in a 'restricted account' (contains money that can only be used for specific purposes).</p> <p>Once signed, you will need to abide by the condition and provide monitoring reports to funders.</p>

## 5.8 Business compliance: Activity specific regulation

Some social businesses will carry out activities that are specifically regulated or require pre-approval and licences. Examples include:

- Financial services regulated by the Financial Conduct Authority
- Social care services regulated by Care Inspectorate Wales
- Activities requiring specific licences, for example, events, selling alcohol, working with animals etc.

You should carry out sufficient research to ensure you comply with any specific requirements relating to the activities of your business.

### Want to discuss topics further?

Contact [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop) or your dedicated Business Advisor.

# 6 Detailed guidance on systems and procedures for business compliance

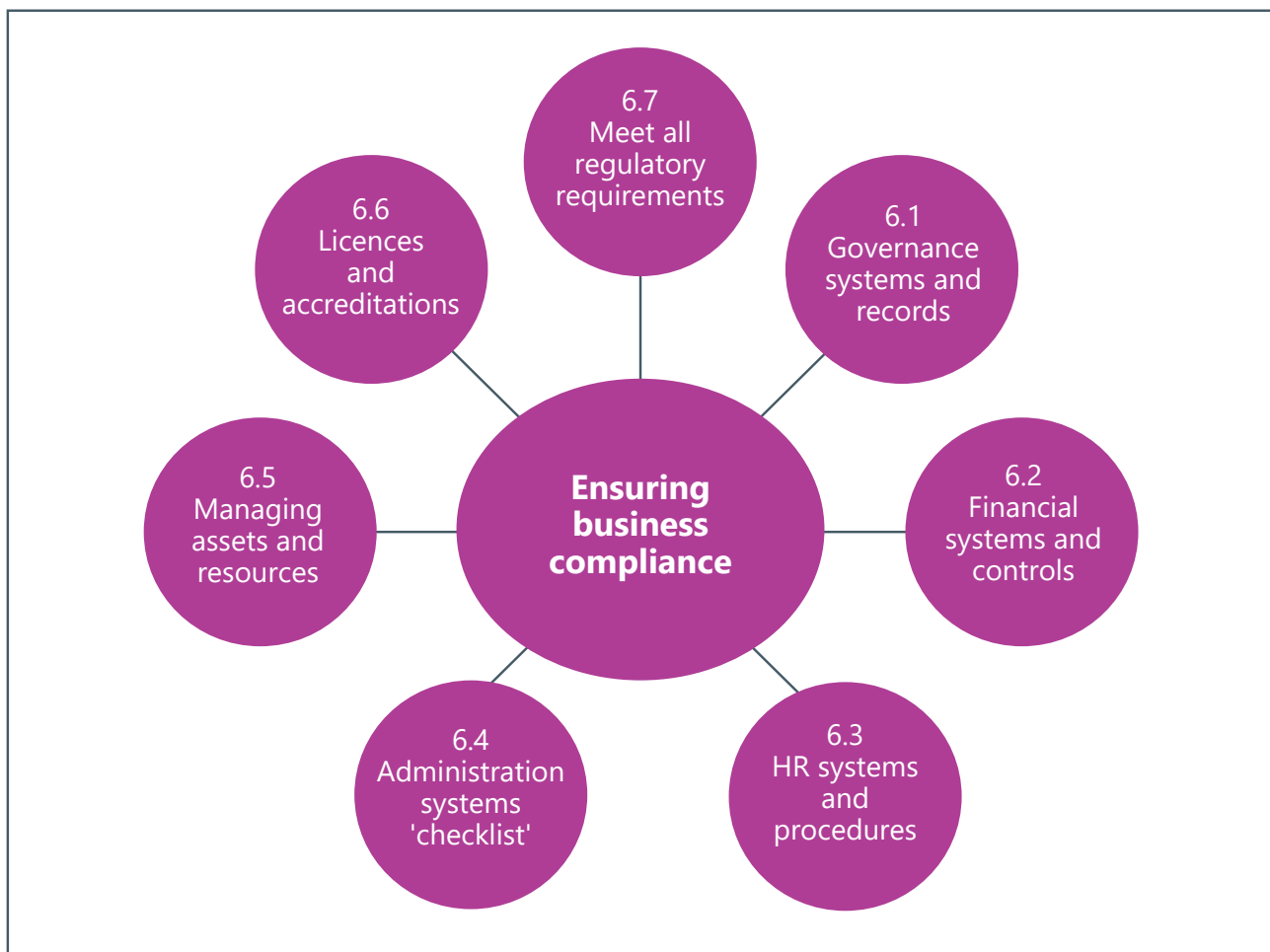
Once your legal structure has been set up, you will need to devote enough time and resource to set up the appropriate systems and processes for the business so that compliance requirements are met. This will involve setting up:

- Systems for managing the governance of your social business
- Financial systems and controls
- Systems for managing staff and volunteers
- Administration systems
- Systems for managing assets and resources.

You will also need to secure appropriate licences and accreditations for your business depending on the type and nature of your services and products.

The level of system required will depend on the size and nature of your social business. You will need to determine what the minimum requirements are for your business.

Following initial set up, you will need to ensure you have appropriate systems and processes for maintaining compliance.



### Want to discuss further?

Contact [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop) or your dedicated Business Advisor.

## 6.1 Ensuring compliance: Governance systems and records

Set up and ongoing requirements		
Action	Information	Further guidance
Agree timetable of Board meetings	Agree timetable of meetings for the Board (and any sub committees) for the year ahead. It is good practice to plan for regular Board meetings throughout the year with quarterly meetings held as a minimum.	Please see <a href="#">Template compliance log file</a>
Registers of members, Board members, etc.	Set up your registers for recording details of members, Board members and officers. These can be electronic or manual.  The key is always to maintain up to date information to inform annual returns and regulator reports.	Templates for your Company Register are available here <ul style="list-style-type: none"> <li>■ <a href="#">Members</a></li> <li>■ <a href="#">Board Members</a></li> <li>■ <a href="#">Secretaries</a></li> <li>■ <a href="#">Board Members' Interests</a></li> <li>■ <a href="#">Charges</a></li> <li>■ <a href="#">Persons of Significant Control</a></li> </ul>
Register of interests	Set up a register of interests for your Board members as part of your conflict of interest monitoring. Each Board member should provide a declaration form setting out their individual interests in other organisations so that your business is aware from the outset of any potential conflicts that may arise.  Board members should complete annual declarations to ensure the register of interests is kept up to date.	Please see <a href="#">Companies House: Directors Duties</a>  <a href="#">Charity Commission: Conflict of Interest Guide</a>  <a href="#">Template register of Board members' interests</a>
Written delegations - financial delegations	Identify any sub committees and delegations required and develop the appropriate terms of reference and written delegation authorities.	
Calendar of key business governance and operational dates	Establish a calendar mapping out key dates over a 12-month period. Include Board meetings, Annual General Meetings, regulatory reporting deadlines, renewal dates for key contracts and policies, project reporting dates etc.	Please see <a href="#">Template compliance log file</a>



## 6.2 Ensuring compliance: Financial systems and controls

Financial system set up requirements		
Action	Information	Further guidance
Financial delegation	Your written delegation authority should set out the financial limit levels for committing and authorising expenditure by different users in your business.	
Open bank account	<p>A business MUST have its own bank account in its own name. Open a bank account for your social business as soon as it becomes a legal entity.</p> <p>This process may take some time as the bank carries out its checks, particularly where there are many Board members, so please allow enough time to do this.</p>	<p>Please see <a href="#">Guide to opening a bank account</a></p>
Bank mandate	<p>The Board will need to agree who will be bank signatories and authorise the bank mandate.</p> <p>All cheques, payment and banking transactions should require a minimum of two independent signatories in line with good financial controls, to mitigate against any potential risk of theft and fraud.</p>	
Select and appoint accountants and other professional advisors	<p>You should consider appointing a firm of accountants to help with financial compliance, particularly in relation to managing your business' initial relationship with HMRC.</p> <p>Seek quotes from various firms of accountants, setting out your business' specific requirements in relation to general accounting and financial support, preparation of financial statements, audit or independent examination, payroll and tax advice.</p> <p>Consider working with accountants and advisors that specialise in providing support to the third sector, charities and social businesses as they could provide wider added value and tailored support to your business.</p>	<p>Draw on the Social Business Wales network to find out more about accountants and advisors who specialise in services for social businesses.</p> <p>Ask other founders via the <a href="#">'Social Business Wales start-up peer support' Facebook page</a></p>
HMRC registration - general	Register the business with HMRC. Your appointed accountant should be able to advise and work with you on this.	<a href="#">HMRC Services</a>

## Financial system set up requirements

Action	Information	Further guidance
Set up financial records and financial system	<p>The type of records and systems you keep will depend on the complexity of your finances.</p> <p>While simpler finance can be maintained on an Excel spreadsheet or in manual books, it may be better for a business to use a simple cash recording system (e.g. Moneysoft's Money manager or VT cashbook) to maintain the records. Xero, QuickBooks and Sage also offer more enhanced accounting options for electronic management of finances.</p>	<p><a href="#">Money Soft</a></p> <p><a href="#">VT Cash Book</a></p> <p><a href="#">QuickBooks</a></p>
Write financial procedures and controls document	<p>These are the main rules relating to how your business manages its finances. You will need to ensure that you have set up enough financial controls to mitigate against the risk of fraud.</p>	<p><a href="#">Financial control in Social Business</a></p> <p><a href="#">Internal Financial Controls that Help Charity Trustees</a></p>
Set up payroll system and Real Time Information arrangements	<p>If your business employs staff, you will need to register as an employer with HMRC. You can either run and manage your own payroll system or sub-contract to a third party, e.g. your accountants or the WCVA's payroll service etc. to manage your payroll on your behalf.</p> <p>HMRC operates a Real Time Information (RTI) process where details of employee pay and deductions are directly uploaded from payroll information.</p> <p>Again, your accountants or payroll agent should be able to advise on the set up of a payroll system and the RTI process or undertake the work on your behalf.</p> <p>Monthly deductions from pay (PAYE, NI, student loan deductions etc.) will need to be paid over to HMRC monthly and any pension deductions to the relevant pension provider.</p>	<p><a href="#">Register as an Employer with HM Revenue and Customs (HMRC)</a></p> <p><a href="#">Payroll Outsourcing Services from WCVA</a></p>
Financial reporting to your Board	<p>You will need to agree what financial information will be reported at each Board meeting to help Board members meet their financial duties and responsibilities.</p> <p>Consider a system for reporting and approving annual budgets and financial statements, as well as regular management accounts information</p>	<p><a href="#">Business Wales: Keeping Track of your Finances</a></p> <p>Please see</p> <p><a href="#">Example finance report for a Board meeting</a></p>
Pension scheme set up	<p>If you employ staff, you will need to consider auto enrolment and the establishment of a pension scheme for your staff if you meet the criteria.</p>	<p><a href="#">Automatic Enrolment: Workplace Pension Duties</a></p>

## Financial system set up requirements

Action	Information	Further guidance
Financial and accounting records	<p>Your social business needs to maintain accurate financial and accounting records. Annual accounts need to be prepared usually for a period of 12 months to your accounting reference date, i.e. your accounting year end (financial year end). Your accounting reference date will be determined when you first establish the business although you can change it through your regulator.</p> <p>The level of detail to be included in your accounts will depend on the financial size of your business with less detail required from smaller organisations.</p>	<p><a href="#">Running a Limited Company</a></p> <p><a href="#">Prepare Annual Accounts for Limited Company</a></p>
Retention of records	Business records should be kept for a minimum of 6 years from the end of your accounting period (financial year end)	<a href="#">Running a Limited Company</a>
Filing of annual accounts	Production and filing of annual reports and accounts with regulator within specific reporting deadlines. This is usually within 9 months from your accounting year end for Companies House, 10 months for Charity Commission and within 6 months of AGM for Societies registered with the FCA. The format of your accounts will be determined by the legal status of your business	<p><a href="#">Accounts and Tax Returns</a></p> <p><a href="#">FCA Annual Returns for Mutual Societies</a></p> <p><a href="#">Prepare Charity Annual Accounts</a></p>
Audit of accounts	<p>Accounts should be audited or independently examined in line with the requirements of your regulator and the relevant legal context. There are audit exemptions for small companies and reduced reporting requirements for smaller charities.</p> <p>Rules on who can be an auditor or independent examiner are also given, but as a general principle, this should be an auditor or an individual with no personal or direct interest in your business.</p>	<p><a href="#">Audit Exemption for Private Limited Companies</a></p> <p><a href="#">Charity Reporting and Accounting</a></p>
Tax authorities	Tax applies to all businesses regardless of their legal status and charitable position. You need to consider and account for Corporation Tax, PAYE, National Insurance and VAT as appropriate.	<p><a href="#">Corporation Tax</a></p> <p><a href="#">Business VAT</a></p> <p><a href="#">Charity VAT</a></p>
Fundraising laws	Specific laws and regulations apply to fundraising if your business is registered as a charity. The Code of Fundraising Practice can be applied as good practice by any organisation.	<a href="#">Fundraising Code</a>

### 6.3 Ensuring compliance: HR systems and procedures

HR systems set up requirements		
Action	Information	Further guidance
Employment contracts	<p>All employees will need to have an employment contract with your social business setting out key information regarding employment conditions, rights, duties and responsibilities.</p> <p>Your business will need to develop a contract of employment drawing on legal advice where appropriate.</p>	<a href="#">Employment Contracts</a>
Staff handbook	<p>A staff handbook is a book given to employees by an employer. Usually, the employee handbook contains information about company culture, policies, and procedures and is provided to employed staff with their contract of employment.</p> <p>NB The UK's changed relationship with the European Union, now outside the single market and customs union, will impact on employing staff from the European Union.</p>	<a href="#">Social Business Wales Employing People: Section 4 for Employee handbook</a>
Volunteer handbook	<p>If your social business uses volunteers, then you should also consider developing a volunteer handbook or information booklet to provide volunteers with a summary of the key information they will need to deliver their roles.</p> <p>Appropriate policies should be established for volunteer recruitment and management.</p>	<a href="#">WCVA Volunteering Resources</a> <a href="#">WCVA Model Volunteering Policy</a>
Policies and procedures	<p>Your business will need to have several key HR policies in place from the outset.</p> <p>NB The UK's changed relationship with the European Union, now outside the single market and customs union, will impact on employing staff from the European Union.</p>	<a href="#">Human Resources Policies</a> Contact your dedicated Business Advisor to access a comprehensive list of HR policies developed by SBW New Start service or email <a href="mailto:sbwenquiries@wales.coop">sbwenquiries@wales.coop</a>
Payroll system and 'Real Time Information'	See 6.2 - Ensuring compliance: Financial systems	<a href="#">PAYE and Payroll</a>
HMRC registration – Employer	See 6.2 - Ensuring compliance: Financial systems	<a href="#">Register as an Employer</a>
HR support	<p>You will need to put in place a method of securing HR support for your business. This could be via a Board member or an employee with responsibility for staff. Alternatively, you may wish to employ external HR consultants or lawyers to support you in specific tasks.</p>	

## 6.4 Ensuring compliance: HR systems - spotlight on 'managing people'

Your social business will require people to deliver its mission and activities. Depending on the size and nature of your business, your services may be delivered by volunteers, employed staff or contractors and freelancers. Managing these people well will be a key role for the business and the Board members.

You will need to ensure that you:

- Meet all relevant legal and regulatory requirements
- Have appropriate policies and procedures in place to manage volunteers
- Have effective HR policies and procedures to employ and manage staff
- Are aware of your obligations to contractors and freelancers
- Meet all employer requirements
- Develop a positive culture for people in your social business.



### Want to discuss further?

Contact [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop) or your dedicated Business Advisor.

## S1. Managing people: Employing and managing staff

Areas to consider	Information	Further guidance
<b>Employment Law</b>		
Contracts	<p>All employees should be given a signed contract of employment setting out their terms and conditions of employment.</p> <p>If an employee's employment position changes (e.g. change in role or hours worked), remember to update the contract of employment accordingly by issuing a contract variation letter.</p>	
Statutory sick pay	<p>Statutory sick pay, or SSP, is the minimum you must legally pay your employees if they are off sick from work. It is paid to employees who are off sick for at least four days in a row.</p>	<a href="#">Statutory Sick Pay</a>
Working time regulations	<p>These regulations set out several workers' rights that you as an employer will need to take into consideration. It includes:</p> <ul style="list-style-type: none"> <li>■ Right to breaks during working hours</li> <li>■ A maximum number of hours in a working week</li> <li>■ A maximum number of hours for night workers</li> <li>■ Minimum breaks between shifts</li> <li>■ Minimum weekly breaks</li> <li>■ Right to paid holiday.</li> </ul>	<a href="#">Working Hours</a>
National Minimum Wage, National Living Wage and the Real Living Wage	<p>The National Minimum Wage is the obligatory minimum wage payable to workers in the United Kingdom. The National Living Wage is higher than the Minimum Wage and is based on the cost of living.</p> <p>The Real Living Wage is voluntarily paid by over 6,000 UK employers and is calculated according to the cost of living based on a basket of household goods and services.</p>	<a href="#">National Minimum Wage and Living Wage rates</a> <a href="#">National Living Wage Rates</a> <a href="#">The Real Living Wage</a>
Payroll deductions	<p>You are required to make payroll deductions from your employees' pay. This includes tax deductions (PAYE and National Insurance) as well as other deductions such as student loan repayments and pension contributions.</p>	<a href="#">Employ Someone: Step by step</a>

Areas to consider	Information	Further guidance
<b>Employment Law</b>		
Parents and carers	<p>Parents, and other people who combine work with caring for dependents, have specific rights protected by law. These include various types of leave and the right to be considered for flexible working.</p> <p>You will need to develop policies regarding your business' approach to parents and carers, maternity leave, paternity leave, parental leave, adoption leave etc.</p> <p>As a minimum, your business will have to pay statutory maternity / paternity pay.</p>	<a href="#">Maternity, Paternity and Adoption Leave Pay</a>
Redundancy	<p>If you need to make staff redundant from their posts, you will need to follow a specific process including a period of consultation.</p> <p>As a minimum, statutory redundancy pay will have to be paid to qualifying staff. Businesses should ensure that they hold sufficient reserves to pay redundancy pay in the event of your social business closing.</p>	<a href="#">Staff Redundancy</a> <a href="#">Calculate your Statutory Redundancy Pay</a>
Activity specific regulations	<p>Specific regulations exist for care activities, e.g. childcare and elderly care services, stating that providers must provide enough numbers of suitably qualified, competent, skilled and experienced staff to meet the needs of the people using the service. Staff to user ratios will need to be adhered to if your business works in these areas.</p> <p>Further information is available from Care Inspectorate Wales and Social Care Wales</p>	<a href="#">Care Inspectorate Wales</a> <a href="#">Social Care Wales</a>
<b>Employer requirements</b>		
Employer registration	<p>Once you start to employ staff, you will need to register as an employer with HMRC.</p>	<a href="#">Register as an Employer</a>
Payroll deductions	<p>You are required to make payroll deductions from your employees' pay. This includes tax deductions (PAYE and National Insurance) as well as other deductions such as student loan repayments and pension contributions</p>	<a href="#">Employ Someone: Step by Step</a>

Areas to consider	Information	Further guidance
<b>Employer requirements</b>		
Payroll returns to HMRC	<p>You can either run and manage your own payroll system or subcontract to a third party, e.g. your accountants, to manage your payroll on your behalf.</p> <p>HMRC operates a Real Time Information (RTI) process where details of employee pay and deductions are directly uploaded from payroll information.</p> <p>Again, your accountant should be able to advise on the set up of a payroll system and the RTI process or undertake the work on your behalf.</p> <p>Monthly deductions from pay (PAYE, NI, student loan deductions etc.) will need to be paid over to HMRC monthly and any pension deductions to the relevant pension provider.</p>	<a href="#">Reporting to HMRC</a>
Insurance	Your business needs adequate insurance including public liability insurance and employers' liability insurance. The latter is compulsory if you employ staff, freelancers and volunteers.	<a href="#">Employers Liability Insurance</a>
Equality Act 2010	The Equality Act ensures consistency in what employers and employees need to do to make their workplaces a fair environment and comply with the law. It protects people from discrimination in the workplace.	<a href="#">Equality Act 2010</a>
Safeguarding legislation	<p>You need to protect people who come into contact with your social business from abuse or mistreatment of any kind. This applies to your staff, your volunteers and your community of users. You will need to have appropriate safeguarding policies, processes and reporting in place to manage this.</p> <p>Safeguarding is particularly important where your social business deals with children, young people or at-risk adults or works in vulnerable situations.</p> <p>You need to set out your approach to protect people from harm including use of DBS (Disclosure and Barring Service) checks where appropriate.</p>	<a href="#">Safeguarding Guidance</a> <a href="#">Social Care Wales: Safeguarding</a> <a href="#">UK Government: Disclosure and Barring Service</a>
HR policies and procedures	<p>Develop HR policies and procedures proportional to the size and nature of your business, setting out your approach to:</p> <ul style="list-style-type: none"> <li>■ Recruitment</li> <li>■ Induction</li> <li>■ Probation</li> <li>■ Pay and expensesw</li> <li>■ Gifts and hospitality</li> <li>■ Redundancy</li> <li>■ Disciplinary and grievance procedures</li> <li>■ Sickness</li> <li>■ Parental leave</li> <li>■ Safeguarding and DBS (Disclosure and Barring Service).</li> </ul>	<p>Start here:</p> <p><a href="#">Human Resource Management in Social Businesses</a></p> <p>And grow here:</p> <p><a href="#">Human Resources Development in a Social Business</a></p>



## S2. Managing people: Managing volunteers

Areas to consider	Information	Further guidance
Volunteer management	<p>If your social business uses volunteers, then it is important that you have a suitable volunteer management process in place. This will ensure that volunteers have enough information and support to deliver their roles effectively.</p> <p>The level of detail you require will be proportionate to the size of your business, the services you offer and the number of volunteers used, but you may wish to consider the following</p> <ul style="list-style-type: none"> <li>■ Volunteer role descriptions</li> <li>■ Volunteer policy and procedures</li> <li>■ Volunteer handbook</li> <li>■ Volunteer induction</li> <li>■ Volunteer supervision, meetings and monitoring.</li> </ul>	<p><a href="#">WCVA Working with Volunteers</a></p>

## S3. Managing people: Using contractors and freelancers

Areas to consider	Information	Further guidance
Status	<p>Contractors and freelancers are not employees of the business. They are independent individuals who are contracted to deliver services for the business under a 'contract for services.'</p> <p>As a business, you are still responsible for their health and safety while on your premises and for having appropriate public liability insurance and employer's insurance.</p> <p>Contractors are often used when there is insufficient capacity in house to deliver a specific time bound activity or when specialist input is required.</p> <p>Care should be taken when taking on workers on a self-employed basis or through an intermediary company if the role is seen to be an 'employee', as this is seen as off payroll working and your business could still be liable for PAYE and NI payments. All contractors and freelancers must have a Unique Taxpayer Reference.</p>	<p><a href="#">Contract Types and Employer Responsibilities</a></p> <p><a href="#">Understanding Off-Payroll Working</a></p> <p><a href="#">Check Employment Status for Tax</a></p>

Areas to consider	Information	Further guidance
Appointing contractors and freelancers	<p>When appointing contractors and freelancers, you will need to clearly define what services you require them to deliver – the specification of services. You should also consider how you will evaluate the bids you receive, e.g. specific skills and knowledge criteria, value for money etc.</p> <p>The written specification should identify:</p> <ul style="list-style-type: none"> <li>■ what is to be done</li> <li>■ who is responsible for what</li> <li>■ timescales for completing task(s)</li> <li>■ how achievement will be measured</li> <li>■ detailed performance criteria including key performance indicators</li> <li>■ targets, benefits and expectations.</li> </ul> <p>You should use a selection process and seek quotes from various contractors to assess who best meets your needs.</p>	
Contract for Services	<p>You should set out a formal written agreement with the contractor – a contract for services. This should provide a description of the duties or services to be completed and the price to be paid as well as contractual terms and conditions regarding the rights and obligations of both parties.</p> <p>Entering into a formal agreement helps to ensure that your business has enough recourse when there are disputes or disagreements.</p> <p>You will need to put in place a process for managing the contract to ensure that the contractor is delivering services in line with the agreement.</p>	

**Want to discuss this topic further?**

Contact [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop) or your dedicated Business Advisor.

## 6.5 Ensuring compliance: Your administration systems 'checklist'

Checklist for administration systems set up		
Systems to set up	Comments and notes	Date/record of action taken
<b>Insurances</b> <ul style="list-style-type: none"> <li>■ Public liability insurance</li> <li>■ Employer's liability insurance (when employing staff and working with contractors and volunteers)</li> <li>■ Premises and equipment insurance</li> </ul>		
<b>IT and filing systems</b>		
<b>Telephone and communication systems</b>		
<b>Agree property leases or hire agreements</b>		
<b>Business rate registration and business rate relief</b> <a href="#">Business Rates Relief in Wales</a>		
<b>Order business stationery</b>		
<b>Data protection registration with Information Commissioner's Office</b>		
<b>Set up website and generate marketing material</b>		
<b>Set up social media accounts</b>		
<b>Set up contractual agreements – expenditure commitments</b>		
<b>Set up contractual agreements – income agreements</b>		

## 6.6 Ensuring compliance: Managing assets and resources - spotlight on 'assets'

In running your social business, you will need to ensure that you manage all assets efficiently and make the best use of the business' resources. This will involve ensuring that you:

- Meet all relevant legal and regulatory requirements
- Provide suitable premises and equipment
- Ensure health and safety of staff, volunteers and users
- Have appropriate filing and record keeping facilities
- Meet all data protection requirements.



### Want to discuss this topic further?

Contact [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop) or your dedicated Business Advisor.

## S1. Managing assets: Health and safety

Areas to consider	Information	Further guidance
Legal responsibility	A business has a legal duty to ensure the health and safety of its staff, volunteers, contractors and users.	<a href="#">HSE Employers Responsibilities</a>
Key requirements	<ul style="list-style-type: none"> <li>■ Appoint competent person to manage health and safety</li> <li>■ Prepare health and safety policy (requirement if you employ 5 or more staff)</li> <li>■ Carry out risk assessments</li> <li>■ Control risks</li> <li>■ Consult with and train staff</li> <li>■ Display health and safety poster (compulsory if you employ staff)</li> <li>■ Keep appropriate health and safety records</li> <li>■ Take out employers' liability insurance.</li> </ul>	<a href="#">Health and Safety for your Business</a>

## S2. Managing assets: Premises and equipment

Any premises and equipment used or owned by your social business needs to be managed appropriately.

Areas to consider	Information	Further guidance
Health and safety	<p>Ensure that your offices or hired venues meet healthy and safety requirements.</p> <p>Carry out appropriate risk assessments of all premises used.</p>	See 5.5. Business compliance: Health and safety section above
Maintenance of equipment	<p>Ensure that any equipment you own is regularly maintained and easily used by staff and volunteers.</p> <p>Ensure staff and volunteers have appropriate insurance in place for car use.</p>	
Physical security	<p>Ensure the personal security of your staff and volunteers particularly if working alone or with vulnerable clients.</p> <p>Ensure the physical security of premises and assets to minimise the risk of theft etc.</p>	<a href="#">HSE Protecting Lone Workers</a> <a href="#">HSE Lone Workers: How to Control Risk</a>
Accessibility	<p>Under the Equality Act 2010, you need to ensure that you make reasonable adjustments to your place of work for people with disabilities.</p> <p>You also need to ensure suitable access for your users and the wider community.</p>	<a href="#">HSE People with Disabilities</a>

### S3. Managing assets: Information technology

You need to ensure that your information technology (IT) is appropriately set up and protected.

Areas to consider	Information	Further guidance
Filing systems	Make sure that your business has administrative procedures and records and an orderly and accessible system for storing information. This can be manual or electronic depending on your requirements. Look for free or affordable cloud-based systems that will automatically back up your data.	<a href="#">UK Government: Data Protection and Your Business</a>
Back-up of electronic data	Make sure that any electronic data is backed up regularly to mitigate against the risk of loss.	<a href="#">National Cyber Security Centre Offline Backups</a> <a href="#">ICO Organisations Encryption Scenarios Backups</a> <a href="#">Cyber Security Small Businesses Guide</a>
IT licenses	Ensure you have the appropriate licenses for all your IT software.	<a href="#">Federation Against Software Theft Help for Business Users</a>
Security	Ensure your IT is secure with appropriate anti-virus and fire walls in place to guard against cyber-attacks, viruses and other security risks.	<a href="#">National Cyber Security Centre information for small medium sized organisations</a>

### S4. Managing assets: Data protection

You must follow rules on data protection if your social business stores or uses personal information. This applies to information kept on staff, customers and users.

Areas to consider	Information	Further guidance
Legal responsibility	A business must abide by the legal requirements of the Data Protection Act 2018 and the requirements of GDPR.	<a href="#">Data Protection Data Protection and your Business</a>
Data protection registration	You must register your business with the Information Commissioner's Office and pay an annual fee. Level of fee will depend on size of the business but is usually between £40 and £60 for smaller ones. You will be issued with a data protection registration certificate.	<a href="#">Data Protection Fee: Start Here</a>
Data protection policies	Document your policies with regards to data protection, confidentiality and secure data.	
Processes and procedures	Put in place processes and procedures to ensure information is held securely and that only relevant and up to date information is retained. Ensure you have consent forms in place where appropriate.	<a href="#">Information Commissioner's Office: For Organisations GDPR</a>

## S5. Managing assets: Intellectual property, licences, registration

Areas to consider	Information	Further guidance
Intellectual property	<p>Having the right type of intellectual property protection helps your business to stop people stealing or copying:</p> <ul style="list-style-type: none"> <li>■ the names of your products or brands</li> <li>■ your inventions</li> <li>■ the design or look of your products</li> <li>■ the things you write, make or produce.</li> </ul> <p>Copyright, patents, designs and trademarks are all types of intellectual property protection. You get some types of protection automatically, others you must apply for.</p> <p>You should consider whether your social business needs to formally protect its name, logo or activities and seek appropriate intellectual property cover.</p>	<p><a href="#">Intellectual Property: An Overview</a></p>
Licenses	<p>Certain activities need to be licensed. Many licenses are issued by your local Council including food premises licenses, premises licenses, temporary events licenses and alcohol licenses.</p> <p>You may also require licenses for certain trades, to play music and to make copies of material under copyright laws.</p> <p>Use the UK Government's license finder tool to work out what licenses you will need to have in place when setting up a new activity.</p>	<p><a href="#">UK Government: License Finder</a></p>
Registration for regulated activities	<p>Certain activities are regulated and require your business to be registered and inspected. This includes care services regulated by Care Inspectorate Wales and financial services (for example credit unions) regulated by the Financial Conduct Authority.</p>	<p><a href="#">Care Inspectorate Wales: Providing a Care Service</a></p> <p><a href="#">Social Care Wales</a></p> <p><a href="#">Financial Conduct Authority</a></p>

### Want to discuss this topic further?

Contact [sbwenquiries@wales.coop](mailto:sbwenquiries@wales.coop) or your dedicated Business Advisor.

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