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Types of Community Group (England and Wales)

An Unincorporated Association

If you're just a small group of volunteers, with no plans to employ staff or rent premises, this is the one for you.

It's the easiest group to set up. All you need is to write a "constitution" or "governing document". This is a list of rules for the group. It also says what your group's going to do, and how it's going to do it.

This kind of group:

- doesn't have to be a charity (although you can set up a charity if you want to). You will need to get official advice if you want to be a charity.
- isn't a separate legal structure. This means the group can't take on a contract or own property - but individual members can do.
- has members who vote on what the group should do.
- the group can become a different type of group or a charity later.

See our separate document about "Setting up a Community Group" for information about unincorporated associations.

Incorporated and Unincorporated

The difference between these two things is just whether your group has a separate "legal personality" of its own. An incorporated group can employ people, take on a contract or rent property. If there's any debt, that debt belongs to the group not the people running the group. This means an incorporated group is more regulated than an unincorporated one. You'll probably need help from accountants and solicitors.

Examples of incorporated groups:

- Community Interest Company (CIC)
- Company Limited by Guarantee
- Charitable Incorporated Organisation
- Community Benefit Society
- Cooperative Society



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On the other hand, an unincorporated group is just a group of individuals. If someone gets into debt on behalf of the group, then that person is liable for that debt. As most community groups are very small and don't handle a lot of money, the risk is actually low.

Examples of unincorporated groups:

- Unincorporated Association
- Charitable Trust

Are You Charitable?

A charity is defined in law in England and Wales as a group which has *only* charitable purposes. It's regulated by the High Court. You've got to prove you exist for the public benefit. If your income is more than £5,000 a year or you're a Charitable Incorporated Organisation, you must register with the Charity Commission. Look at the official guidance on the Government website here:

<https://www.gov.uk/government/publications/what-makes-a-charity-cc4/what-makes-a-charity-cc4>

Watch out! A "charity" is not a legal sort of group on its own. In fact, most charities are one of these:

- Unincorporated Association
- Charitable Trust
- Charitable Incorporated Organisation
- Company Limited by Guarantee
- Charitable Community Benefit Society

These groups can't be charities:

- Community Interest Company (CIC)
- Cooperative Society

Use the simple "Route Map" at the Resource Centre here to find out what your group's legal structure should be. <https://www.resourcecentre.org.uk/information/routemap/>

If this guide was too complicated, you can read it in a different way here:

<https://mycommunity.org.uk/choosing-the-right-organisational-structure-for-your-group>



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Type of group	Incorporated or unincorporated?	Charitable or not?	Do the members vote?	Is it regulated?	Other information
Unincorporated Association	Unincorporated	Can be charitable or not	No	No (unless it is also charitable)	The simplest type of community group.
Charitable Trust	Unincorporated	Charitable	No	Yes – register with Charity Commission if income over £5,000	Must write a trust deed. Run by a small group of people called trustees.
Charitable Incorporated Organisation (CIO)	Incorporated	Charitable	If an Association, members vote. If a Foundation, members do not vote.	Yes – register with Charity Commission whatever income.	Must use model constitution approved by Charity Commission. Registration takes up to 40 days. Simpler and cheaper than a Charitable Company.
Company Limited by Guarantee (Limited Company)	Incorporated	Can be charitable or not	Yes	Yes – registered and regulated by Companies House	Controlled by directors. No shareholders. Can be not-for-profit, which reinvests income into the group.
Charitable Company	Incorporated	Charitable	Yes	Yes – registered with Companies House AND Charity Commission	A CIO might be simpler.
Community Interest Company (CIC)	Incorporated	Not charitable, but still not-for-profit such as a social enterprise	Yes	Yes – registered with CIC Regulator, a department at Companies House	Assets and profits are committed to the community, but you can have paid directors



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Setting up a basic community group

The easiest group to set up is called an “unincorporated association”. You need to write a “constitution” or “governing document”. This is a list of rules for the group. It also says what your group’s going to do, and how it’s going to do it.

This kind of group:

- isn’t a charity (although you can set up a charity if you want to. Make sure you get the right advice if you want to be a charity, because there are different sorts, and this will depend on where you are.)
- isn’t a separate legal structure, which means the group can’t enter into a contract or own property - but individual members can.
- has members who vote on what the group should do
- if the group changes, it can become a different type of group or a charity later.

Writing a constitution (for groups which are not charities):

- Decide on a name for your group.
- Write down your aims - what do you want the group to do? Where does the group work, who will the group help, and how will the group help them?
- Memberships. Who is a member? Do members pay a fee? How can people join the group? How can they leave the group?
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- Equal opportunities. You might call this Equality, Diversity, and Inclusion. Write about how you will make sure no one is left out.
- Will you have a committee? A committee is a group of people who run the group. The group usually votes for them every year. You don't have to have a committee. You can share the jobs and take turns. If you do have a committee, how many people will be on the committee, and what will they do? Some committee jobs are Chair (leads the meetings), Secretary (writes down what is said at the meeting), Treasurer (looks after the money). Other jobs include Press Officer (sends stories to the newspapers and answers their questions), Fundraiser (raises money), Membership Secretary (looks after the members).
- If you don't have a committee, then the whole group runs itself, but you'll need to decide who looks after the money, and who'll make notes at a meeting.
- Meetings. Every year, you'll need to have an AGM – Annual General Meeting. Everyone can come, and you'll tell everyone what the group has done, and how much money has been spent. If you have a committee, then they'll be voted for. Write down in your constitution how you want the meetings to be run. Will you vote on decisions or try to "reach a consensus" by talking about it until everyone agrees?
- Finances. You need to write down how you'll handle money. Make sure you have a bank account just for the group. It's best to have three people who are called "signatories" which means that there are always two people to agree on payments. You'll need to keep records of money going in and out, and have a statement to show at the Annual General Meeting. You also need to make sure that if you raise any money, it's only allowed to be spent on the aims of the group.
- Changing and ending the constitution. In your constitution, you'll need to write down the rules about how your constitution can be changed, and whether you need to vote on it. You also need to decide who can make the decision to close the group, how that can happen, and what happens to money.



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When you've written your constitution, get other people to read it and tell you what they think. Then ask everyone in the group to read it. When everyone agrees with it, at least two members need to sign and date it. Make sure everyone in the group has a copy.

For more detailed information, see this link:

<https://www.resourcecentre.org.uk/information/constitutions/>



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Should our group be constituted?

And what does that mean, anyway?

The short answer is yes.

A “constitution” is just a written document that explains how the group is run. And yes, you should have one. A constitution can also be called “rules of association.”

See our document “Setting up a community group” ([England – Wales / Cymru – Scotland – Northern Ireland](#)) for all the details on how to do this, and what to include in the document.

When people ask, “Should we be constituted”, sometimes they actually mean, “Should we be incorporated” and that is a different thing.

See our document “Types of group” ([England – Wales / Cymru – Scotland – Northern Ireland](#)) for an explanation of all the different group types you can consider.

In summary

A “constituted group” is an informal group that has a written list of rules and guidelines. It can also be called an “unincorporated association.” It is not a charity. We recommend most basic community groups write down their rules, and set up as a constituted group/unincorporated association.

You don’t need a committee, but you can choose one if you like. You will need to have a meeting every year called an AGM. As a group, you don’t have a separate legal structure, so the group as a whole can’t buy goods or enter into contracts – but individual members can. However, if the group gets into debt, all the members could find themselves having to pay.

However, if you “incorporate”, this means the group itself is a separate thing, legally. The group can buy things, enter into contracts, and also get into debt. You will need help from a solicitor or legal advisor to set this sort of group up. It will cost money.

An incorporated group can be a charity, a company or other structure. You will have to follow more regulations. But this also means that individuals are protected if there is a legal problem, because the group itself is separate from the members. You will need to take advice about incorporation but most simple community groups will not need to incorporate unless you need to buy or rent large premises, employ people or undertake risky activities.



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Bank Accounts for Groups

You'll need a bank account if your group's applying for grants. You'll also need one if you collect donations or fees and use that money to buy things for your project. Don't be tempted to use a personal account! It gets very messy very quickly.

A bank account can take some weeks to open. If you can't wait that long, or you can't open an account, you can use a service called Accountable which is run by The Social Change Nest CIC at <https://thesocialchangeagency.org/what-we-do/support-for-groups-and-movements/accountable/>. This takes about 5 days and will cost you £42 to set up.

Most traditional banks offer "community" accounts for non-profit groups. Some of them expect you to be a registered charity but many don't, so do shop around. You'll need to look under the "business" section of their websites, however.

What to consider

- Look for an account without fees.
- Check you meet the "eligibility criteria" which means can you do everything they ask for? This might be things like a minimum deposit, for example.
- Do you want to manage things online? Is there a good app?
- Do you need to take card payments from people? Is it easy to set up?
- Will you use cash and/or cheques? How easy is it to get to a branch to pay cash or cheques in?
- Are there useful features like free accounting software?

People who need to be involved

A "signatory" means someone who is named as being able to sign cheques for the account. Most accounts will need two signatories to give approval for transactions. This stops one person having all the power. It's a good idea to have three people named as signatories, so that if one person is away, you still have two people left to give approval.

Usually, one of these people will be your group's treasurer.



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Paperwork you need

Although more banks are moving to online applications, many still need you to go into a branch. Every bank has different demands for paperwork, but you'll usually have to take:

- The signatories' proof of identity
- The signatories' proof of address (the bank should have a list of what's acceptable)
- Your group's written constitution
- Completed application form

If you're a registered charity, take the registration document or trust deed.

If you're a limited company, you'll need your Memorandum and Articles of Association.

Useful links to banks

[CAF – Charities Aid Foundation](#) (minimum deposit is £1000)

[Unity Trust Bank](#) (minimum deposit is £500)

[Royal Bank of Scotland](#) (to get free banking, one of the signatories must be a RBS customer)

[Virgin Money](#) (no minimum deposit but you can only make 10 transactions a month)

[Santander](#) (they call it a Treasurer's Current Account)

[Barclays](#) (new community groups get 12 months of free banking – scroll down)

[Co-operative Bank](#) (only for registered charities, CICs and co-operatives)

[Lloyds Bank](#) (they call it a Treasurer's Account)

[Bank of Scotland](#) (also called a Treasurer's Account; can be registered charity or not)

[HSBC](#) (you don't have to be a charity but do read their small print carefully)



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Insurance for local groups

This is not formal insurance advice.

Insurance is a small amount of money that you pay to an insurance company. If something goes wrong, the insurance company should help you.

Insurance has two aims.

- It helps you, staff, and volunteers if something goes wrong.
- It helps the public if something goes wrong.

But insurance on its own won't stop things going wrong. You must start with a 'risk assessment' and 'risk management.' Find out more about risk assessments in our other resources.

You might not need to have insurance. When your group first starts, you can tell everyone that they are working at their own risk. But you still need to do a proper risk assessment, and you might still be in trouble if something goes wrong.

Another organisation's insurance might already cover you. It is up to you to check if you are covered, and they will ask to see your risk assessment.

Your local council might cover you with their insurance. Speak to them to find out what they need, and what they will cover.

There are different types of insurance. Use this checklist to help you understand what you might need:



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- Do you have volunteers, or do you interact with the public? You will need 'public liability insurance.'
- Do you have employees? You will need 'employer's liability insurance.'
- Do you have cars or other vehicles? You will need 'motor insurance.'

It is less likely you will need these other types of insurance:

- Do you have a board of trustees? You might need 'financial and administrative liability.'
- Do you have buildings and contents which need protecting? You will need 'material damage insurance' or 'buildings and contents insurance.'
- Do you hire out your premises to other groups? You will need 'hirers' liability insurance.'
- Do you deal with money? You could need 'money/financial insurance.'
- Can your organisation run if your building is damaged? You could need 'business interruption insurance.'
- Might you need legal help? You would need 'legal expenses insurance.'

The National Council for Voluntary Organisations (NCVO) has lots of help here:

<https://knowhow.ncvo.org.uk/organisation/operations/insurance>.

Remember: it's quite simple to set up your insurance, and often it's reasonably cheap. It can be a legal requirement to have insurance, so don't try to avoid it.



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Risk Assessments

You do a risk assessment before you do anything and you probably don't even realise you're doing it! It just refers to what you think about before you do something. You'll do them all the time – before you cross the road, for example. A risk assessment that you don't write down, and just do in your head, is called a "dynamic risk assessment".

The other type of risk assessment is a "formal risk assessment". You write these down and keep them as a record.

Everything has some kind of risk. Don't worry if your activity has risks. The risk assessment will help you work out what those risks are, and what you can do about them.

Hazards and risks

A hazard is something that could cause harm.

A risk assessment looks at all the hazards, and works out how harmful they are. It also works out how likely it is that the hazard happens. A hazard that is both very likely AND very harmful would be too dangerous to do.

We use a "matrix" to score hazards. These can have a different number of boxes, but here is a simple version:

		How bad is the harm?		
		low risk	medium risk	high risk
How likely is the harm?	very likely			
	could happen			
	not likely			



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If something is high risk (might kill you) AND very likely – the box is red. If something falls in the yellow boxes, then you need to decide whether you can make the risk less likely, or the harm caused smaller.

The things you put in place to make the risk less or the harm smaller are called “control measures”.

Here’s an example:

A group wants to clear a patch of wasteland. They do a risk assessment. They find out the risks are nettles and using chainsaws.

How likely are nettle stings? Very likely. How harmful are they? Not very harmful. But because they are so likely, they fall into a red box on the risk assessment matrix. So, the group puts a control measure in place – they give everyone gloves. Now, everyone is much less likely to be stung.

What about the use of chainsaws. The group has one chainsaw. What’s the harm? This could be very harmful indeed. But how likely is it to cause harm? The group see that only one person is allowed to use a chainsaw and they have been properly trained. They have all the right safety equipment. This means the likelihood of anything going wrong is very low indeed – as long as all the rules are followed.

The paperwork

Keep copies of your risk assessments. Make sure they are dated.

Do you have someone who is responsibly for health and safety? It can be useful to have trained first aiders, too. If you have a written Health and Safety Policy, this can be very useful when you’re applying for funds or want to hire premises. Review your policy every year.

Keep an “accident book”. If someone is hurt, write it down, with details about how they got hurt, and what treatment they had.

Keep a list of all your equipment and keep the manuals. Think about what training people need to use the equipment, and write it down. Make sure you tell people how to use the equipment safely, and keep a record of that.

Some substances, like paint thinners, are dangerous. You’ll need to use them properly and store them safely. This comes under a rule called “Control of Substances Hazardous to Health” (or CoSHH) and you can find more information from the [Health and Safety Executive](#).



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The law

The Health and Safety at Work Act 1974 protects people doing paid work, but it's also "strongly recommended" that groups with volunteers follow the rules too. This means providing:

- Safe equipment
- Safe substances
- The right information and training
- A safe place to work

Other things to think about

Some work with vulnerable adults and children has to be done by someone with an "enhanced criminal record check." See our safeguarding information.

If you provide food and drink at an event, you must make sure it's safe to eat and complies with the [Food Safety Act](#).

Also see our information about Insurance for Groups.



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Finding Funding

General advice about funding

There are many small and large sources of funding across the UK.

But first you need to know exactly what you want to do. Many funders will only work with certain projects, like the arts, or young people, and so on.

You also need to know how much money you are asking for. Funders often have restrictions on how much they'll give.

You'll need to have a bank account for the group. You won't always need to be a charity.

[Groundwork](#) has some excellent and simple advice about applying for funding. We also have our own advice in a separate document.

To find out about specific funding from your local council, in England and Wales, use the government's funding finder. [Click this link](#) and put your postcode in the box. It will take you to the right page on your local council's website.

Sign up for the free account at [My Funding Central](#). They'll email you regularly with funding news.

The website [Community Foundations](#) covers most of the UK. Put your postcode in, and it'll find your nearest Community Foundation. These are groups which help small organisations to find money.

Lists of funders

If you prefer to look at a book, you can use *The Directory of Grant Making Trusts*. It's published every year by The Directory of Social Change, and it'll usually be in your local library.

[Grants Online](#) lists new grants available across the UK. The list updates every day.



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[GrantFinder](#) also lists funding across the UK. That link goes to their community development grants, but also look at other sections. These might be:

- Arts, Culture and Heritage Funding.
- Environmental Grants, Grants for Children.
- Young People and Families.
- ...and maybe some of the others, depending on how specialist your project is.

[Charity Excellence](#) has a free Funder Finding Database.

Here is the [National Lottery Community Fund](#).

This is some specifically [Scottish funding](#).

Other sources of money

It's unlikely you'll be looking for investment rather than a grant. But if you do want to borrow money, look at <https://locality.org.uk/services-tools/funding/>

You might do some fundraising activities. Look at our separate document about running fundraising events.

Other help

[NCVO has a free spreadsheet tool](#) to help you plan your budget. This can be useful when you're applying for grants!



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How to Apply for Funding

Preparation

You need paperwork to show that you have:

- A committee (the group of people who make decisions for your group)
- A bank account
- A statement of accounts for the last year (unless you are a new group)
- A governing document (this is some written details about your group, which says how it's run)

You might also need paperwork to show:

- Insurance
- A health and safety policy and/or risk assessments
- An equal opportunities policy (a policy is a written set of guidelines that you follow)
- A child protection or safeguarding policy

Work with your whole group. Answer these key questions:

- What do you want to do? Do you have the people to run it?
- How much will it cost? (Don't guess. You need to do some research. And it must be cost-effective, which means you are not wasting money.)
- Why is this work important? Who or what needs it?
- How will you know if you are doing a good job? How will you know if your idea has succeeded?
- How often will it happen, and how long will it last?
- Where will it take place? Do you have permission and insurance?

Think about money. You will need to make a detailed budget. Tips:

- List everything you will pay for and what it will cost
- List all the income you expect (for example membership fees, donations, grants you already have)
- Get quotes for everything you will need to pay for
- Do not underestimate! Be realistic
- You could find it useful to prepare a budget for the whole year



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Find a funder

First, you need to be clear about the outcomes of your project. Different funders have different priorities, and this means that they will fund your project only if you have the same goals as they do.

Funders need to be sure that your project really will make a difference. They don't want to waste money. You must have evidence to show that your project is important. You can do this in a few ways:

- You can ask people who are involved and record their answers. Use their quotes.
- You can use statistical information (facts and numbers). Start with the websites for your local council, local authority, police or health authorities. Use reliable sources such as Government reports.
- You can use letters of support from other groups, local councillors, the police, and schools
- You can show that you have a link with local and regional strategies or government projects

You'll need to prove to your funder that you'll be successful. This means you need to show you have a good track record. You could show this with:

- Profiles of the people in your group who'll be involved, which show their qualifications and experience
- Case studies of similar projects your group has run
- Evidence of support from other local groups or organisations

Write your application

When you have a good idea of your project and your outcomes, you can write your application. But remember:

- Don't assume the funder knows anything, so don't use jargon and make sure everything is very clear
- Study what the funder wants, and make sure to use their keywords in your application
- Answer the questions and don't waffle
- Be positive and firm – "we will" is better than "we will try"
- Make it easy to read with clear headings and bullet points
- Ask someone else to proofread it



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Find a funder

My Funding Central <https://www.myfundingcentral.co.uk/>

Funds Online <https://fundsonline.org.uk/>

UK Community Foundations <https://www.ukcommunityfoundations.org/>

The National Lottery Community Fund <https://www.tnlcommunityfund.org.uk/>

The National Lottery Heritage Fund <https://www.heritagefund.org.uk/>

The People's Postcode Lottery <https://www.postcodetrust.org.uk/>

Comic Relief <https://www.comicrelief.com/funding/funding-opportunities>

ENTRUST – Landfill Communities Fund <https://www.entrust.org.uk/landfill-community-fund/finding-funding/funder-search/>

Community Shares Co-operatives <https://www.uk.coop/support-your-co-op/community-shares>

Housing associations around the UK often fund local projects

Major banks all have various funds available for local and national projects

Crowdfunding might also be a choice for smaller projects

For more detailed information, see:

The National Federation of Parks and Green Spaces guide, pages 9 to 12 -

<https://natfedparks.org.uk/wp-content/uploads/2020/02/PAGCE-events-workshop-docs-all-collated.pdf>

The National Council for Voluntary Organisations has lots of help. Go to

<https://beta.ncvo.org.uk/help-and-guidance/funding-income/all-about-grants/> for six articles about grants. For advice about a business plan, and some downloadable templates, see <https://knowhow.ncvo.org.uk/tools-resources/business-plan-template>.

And how to explain why your project is important is here:

<https://knowhow.ncvo.org.uk/how-to/how-to-explain-why-your-project-is-needed-in-300-words>

