

Group vs Charity

A practical guide for community and voluntary group

1. Purpose of this Guide

This guide explains the difference between a community group and a registered charity and helps you decide what is right for your organisation.

Many groups start informally and only consider becoming a charity as they grow. There is no one-size-fits-all approach — the key is choosing a structure that fits your current needs and supports your future plans.

2. Starting Point – Most Groups Begin as Community Groups

Most organisations begin as community groups.

A community group is usually an informal or semi-formal organisation set up by people to respond to a local need or shared interest. It is often volunteer led, run by a small committee and guided by a simple constitution.

At this stage, the focus is on:

- getting organised
- starting activities
- involving people

Keeping things simple helps groups get started and build momentum.

3. What is a Community Group

Community groups are typically flexible and easy to set up.

Many operate as unincorporated associations, which means the group itself does not have a separate legal identity.

In practice, this can mean:

- The group cannot enter contracts in its own name
- Responsibility may sit with individual committee members

- For many groups, this structure works well, particularly in the early stages.

4. What is a Charity

As organisations grow, some may consider becoming a charity.

A charity is a legally recognised organisation that must:

- Have a charitable purpose
- Provide a public benefit
- Register with the Charities Regulator

Charitable purposes include areas such as community wellbeing, education, health, environment and social inclusion.

Becoming a charity brings a more formal structure, along with legal responsibilities and reporting requirements.

5. Understanding the Difference

The key difference between a community group and a charity is the level of structure, responsibility and regulation.

Community groups are generally simpler and more flexible. They are well suited to smaller-scale or developing work.

Charities are more formal. They have legal status, can enter contracts and may employ staff, but must meet specific legal and governance obligations.

Becoming a charity can bring benefits such as access to funding and increased credibility, but it also brings additional responsibilities.

Understanding these differences helps you decide what is appropriate for your group at this stage.

6. Deciding What's Right for Your Group

Once you understand the difference, the next step is to consider what is right for your group now.

Quick Guide

Are you just starting out or running small-scale activities?

→ A community group structure is likely the best fit

Do you want to keep things simple and flexible?

→ A community group structure is likely the best fit

Are you delivering services regularly or at scale?

→ You may need to consider becoming a charity

Do you need to employ staff, sign contracts or manage significant funding?

→ A charity (with a legal structure) may be appropriate

Does your organisation have a clear charitable purpose and provide a public benefit?

→ You may be required to register as a charity

In simple terms: **Start simple → grow → formalise if needed**

7. Taking a Closer Look – Is Charity Status Right for You?

Before deciding, it is important to reflect on your group's work, structure and capacity.

Self-Assessment

- Your Work
- Do we have a clear purpose that fits within charitable categories
- Are we providing a clear public benefit
- Is our work ongoing rather than occasional

Your Activities

- Are we delivering regular services or programmes
- Is our work growing or becoming more complex
- Do we expect to expand further

Your Structure

- Do we need a formal legal structure
- Do we need to enter contracts or agreements
- Do we need to employ staff or manage significant funding

Your Capacity

- Do we have people who can take on governance responsibilities
- Can we meet reporting and compliance requirements

- Are we prepared for increased accountability

Important

Becoming a charity brings benefits, but also responsibilities.

It is important to ensure your group has the capacity to manage both.

8. The Journey from Group to Charity

Many organisations move gradually from informal to more formal structures.

A typical pathway looks like this:

1. Starting Out
A small group comes together to address a local need.
2. Developing
Activities become more regular and roles become clearer.
3. Strengthening
The group puts stronger governance and processes in place.
4. Considering Formalisation
The need for a legal structure becomes clearer.
5. Becoming a Charity
The organisation registers as a charity when it meets the criteria and has the capacity.

This transition should happen at the right time for the organisation — not too early.



9. Key Message

Most groups start as community groups.

Becoming a charity is a next step, not a starting point.

Keeping things simple in the early stages, and building structure over time, supports stronger and more sustainable organisations.