

Nextdoor Nature

Types of Community Group (Scotland)

An Unincorporated Association, also known as a Voluntary Organisation

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
- Scottish Incorporated Charitable Organisation (SCIO)



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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?

Charities in Scotland are regulated by OSCR, at <https://www.oscr.org.uk/>. A charity is defined as a group which has *only* charitable purposes. You've got to prove you exist for the public benefit. Find out if your group meets the requirements here: <https://www.oscr.org.uk/becoming-a-charity/meeting-the-charity-test/>

You do not need to be a charity to raise money. And not all non-profit groups are charities either. Find out more about whether you need to obtain charitable status here: <https://www.oscr.org.uk/becoming-a-charity/thinking-about-becoming-a-charity/step-1-do-you-need-to-be-a-charity/>

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

- Unincorporated Association/Voluntary Organisation
- Charitable Trust
- Scottish Incorporated Charitable Organisation (SCIO)
- Company Limited by Guarantee
- Charitable Community Benefit Society

These groups can't be charities:

- Community Interest Company (CIC)
- Cooperative Society

Find out more about Scottish groups here: <https://scvo.scot/support/setting-up-a-charity/decide-on-structure>

And here: <https://www.communityscot.org.uk/content/forming-a-community-group>

