

How to decide whether to start a charity

With over 160,000 charities registered across England and Wales, and thousands of smaller community groups and local projects across the UK, deciding whether or not to start and register as a charity needs careful consideration.

This guide provides some useful basic information on the subject, but much more detailed advice will need to be sought before a final decision is made.

Support Cambridgeshire can provide you with advice, support and guidance throughout this journey. Contact info@supportcambridgeshire.org.uk, or telephone 01480 420601 to make an appointment with an appropriate Development Officer.

Take a look

Starting a community group or charity is not particularly difficult in the UK, which is probably why so many people and organisations choose to do so.

However, finding continual funding to develop your ideas, project or service is much more challenging, especially as local authority funding pots reduce and competition for scarce resources grows ever stronger.

There are far more charitable organisations looking for funding than there are donors or

funding bodies to provide it. Remember, each new charity that comes into existence becomes another competitor for the limited resources available.

One of the issues to consider at the earliest possible stage is whether or not there is already an organisation in existence which provides the very service or project you wish to deliver, or something very similar.

If there is, perhaps you could volunteer or apply to work with them. Even if they are not delivering exactly what you wish or want, they may help to support you and provide valuable insight for your future thoughts.

Business potential

If you come from a business background, or your project has the clear potential to generate sustainable income, you might consider establishing a Community Interest Company (CIC).

A CIC may not be able to apply for grants from traditional charity donors and trusts, but there is some support to encourage social enterprise and venture philanthropy.

CICs were developed to address the lack of a legal vehicle for non-charitable social enterprises across the UK. Available since 2005, there are now over 3,100. CICs vary in size from tiny community-based organisations to multimillion pound enterprises. Their areas of operation include physical well-being, radio and television, the arts, education, and health and social work.

Fundamentally CICs are normal companies.

They can be established either as companies limited by guarantee (CLG), which around three-quarters are, or companies limited by shares (CLS). However, they have some unique and important additional features to safeguard their social mission.

More information can be provided by Support Cambridgeshire about the subject of CICs, and its worth visiting the CIC Regular page on www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies

Charitable purpose

If you cannot join an existing initiative, and you cannot create a socially responsible business model, then the next step is to check your charitable purpose.

A charity must always have a clear charitable purpose.

Try this exercise

Print out the following list of key funding priorities identified by NCVO's Funding Central.

- Addressing inequalities
- Addressing unemployment
- Supporting infrastructure
- Promoting community cohesion
- Promoting education and learning
- Promoting human rights
- Promoting religion and religious activity
- Promoting volunteering
- Protecting the environment and animals
- Providing social relief and care
- Regenerating areas
- Supporting families
- Supporting healthcare sector
- Supporting international aid and overseas development

- Supporting medical research
- Supporting social research
- Supporting sport and recreational activities
- Tackling crime and victimisation
- Tackling discrimination
- Working in the arts or heritage
- Working with older people
- Working with people with disabilities
- Working with young people

Cut these titles into strips and organise them into piles based upon whether your project will:

- definitely BE involved in
- definitely will NOT be involved in
- possibly BE involved in, but It's unlikely to be a main purpose or goal.

If you cannot readily identify any of these as your key focus or goal, then you probably do not have a charitable purpose.

If you have more than four or five in group one, then you probably do not have a very clear charitable purpose, and may wish to refocus and think more clearly about your goals and aims.

Funding viability

Once you have identified your organisation's charitable purpose, the next question is whether or not it's likely to be viable as a venture.

There's little point in setting up an organisation if you cannot fund your projects. Try and understand as much as possible about the current funding regimes, and what's available or could be available based upon your Charitable purpose. Seek as much expert opinion as you can. Check and recheck your funding options.

Support Cambridgeshire has access to Grantfinder, a specialist software programme which provides regular, consistent and updated information on all of the various funding opportunities available across the UK.

In addition, Support Cambridgeshire issues a monthly funding alert which organisations can subscribe to. Contact info@supportcambridgeshire if this is of interest.

If you can identify several donors or funding bodies for the amounts you need, then you might wish to proceed. Please remember though, funding opportunities and priorities change and alter regularly, and you will need to keep abreast of these changes.

If you struggle to identify any potential donors or funders, then you probably need to rethink your goals, aims and ambitions.

What next?

If you feel you have a charitable purpose, and you are fairly confident about funding moving forward, then there are a few further steps to take.

You will need to write a governing document, find your volunteer trustees and open a bank account.

You can then register with the Scottish Charity Commission or once you have an income of over £5,000 per annum, the England and Wales Charity Commission.

Top tip and further information

Research, research and research the whole process. The more research you can do overall, the better your prospects. Expert advice and support is available from a wide range of sources, including Support Cambridgeshire Development officers who can answer many of the initial questions you are likely to have.

Further useful information can be found at:

The Charity Commission for England and Wales
www.gov.uk/government/organisations/charity-commission

Becoming a charity in Scotland
www.oscr.org.uk/charities/becoming-a-charity

Alternatives to registering as a charity
webarchive.nationalarchives.gov.uk/+/www.direct.gov.uk

Setting up as a charity Toolkit 1 (£8.99)
www.knowhownonprofit.org/studyzone/setting-up-a-charity

Setting up a Charity Toolkit 2 (Free)
www.knowhownonprofit.org/basics/setting-up-a-charity