

Charity Commission regulatory update



Session overview

Redesigning Commission guidance

Recently published guidance

Upcoming guidance

Developing the next Charities SORP



CHARITY COMMISSION
FOR ENGLAND AND WALES

New Commission five-year strategy



1. We will be **fair and proportionate** in our work and clear about our role
2. We will **support charities to get it right** but take robust action where we see wrongdoing and harm
3. We will **speak with authority and credibility**, free from the influence of others
4. We will **embrace technological innovation** and strengthen how we use our data
5. We will be the **expert Commission**, where our people are empowered and enabled to deliver excellence in regulation

Guidance priorities

- Relevance – relevant to all charities
- Popularity – those being used more
- Age
- Readability – how easy it is to understand
- Reading time
- Responsive to what's going on

Improving our guidance

- plain English
- clear and concise
- easier to navigate
- action-focused
- remove duplication

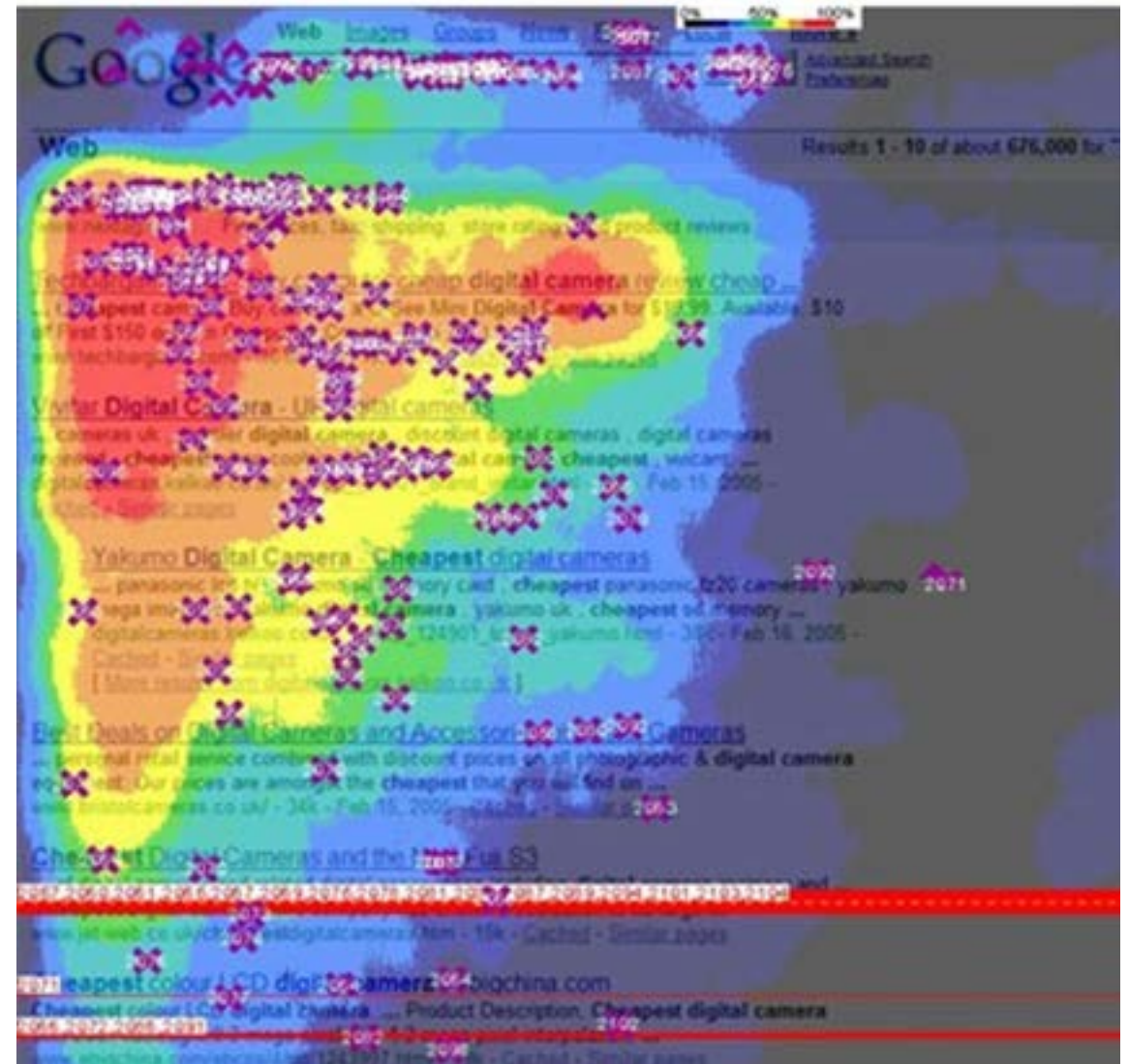
How people read online

The graphic shows how users read online.

You can see the “F” shape on the page.

This is why we:

- frontload our most important information
- use descriptive headings and subheadings
- keep sentences short





Types of user testing

We can:

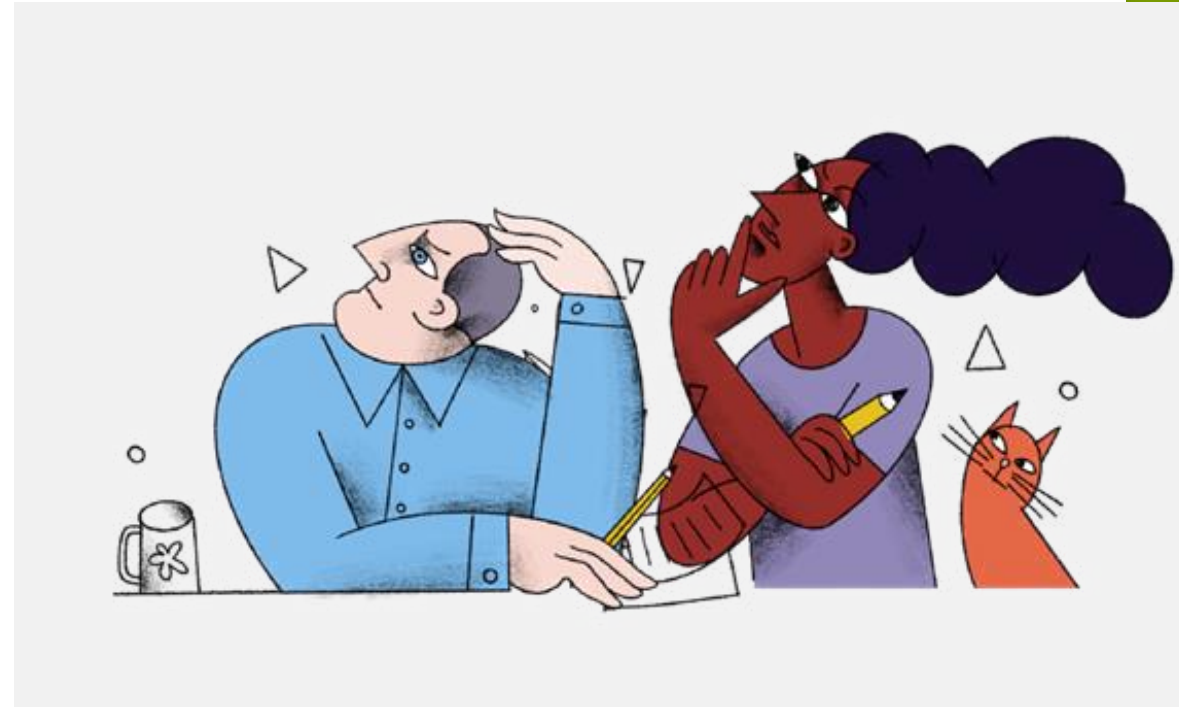
- send a draft of the guidance and a survey to a sample of charities from the register
- hold focus groups and roundtables with trustees and stakeholders
- hold public consultations
- share draft with sector bodies (peer read)

Recently refreshed guidance

- Charities and meetings CC48
- Decision making CC27
- Managing financial difficulties and insolvency CC12
- Fraud and cybercrime

Charities and meetings and Decision making

- Both pieces of guidance redesigned so they are shorter and more accessible
- Charities and meeting guidance now includes guidance on virtual/hybrid meetings
- Decision making guidance – no change to the seven principles



Managing financial difficulties and insolvency (CC12)

No policy changes but we've separated the guidance into three parts:

- what to do to help improve your charity's finances
- what to do if your unincorporated charity is insolvent or at risk of insolvency
- what to do if your charitable company or CIO is insolvent or at risk of insolvency



Improving your charity's finances

- Actions trustee can take to improve their charity's finances and help protect against financial difficulties
- Importance of all trustee actively managing the charity's finances
- Options for minimizing costs, looking for additional sources of income and reviewing the charity's funds and assets





Managing financial difficulties and insolvency (CC12) – facts and figures

METRIC	FORMER CC12	UPDATED CC12 (part applicable to all charities)
Accessibility (reading) score	34	51
Reading time	40 minutes	9 minutes

Fraud and cybercrime

Our key messages in the guidance are to encourage trustees to:

- raise awareness in their charities of the risks from fraud and cybercrime
- take appropriate steps to protect their valuable assets
- prompt charities to report incidents when they occur



Fraud and cybercrime

We have refreshed our guidance and split it into two parts:

- Cybercrime – links to several free online training modules
- Fraud – now sits alongside our guidance on internal financial controls for charities (CC8)



Looking forward

Keep a look out for further guidance updates in the first quarter of 2025, such as:

- Finding new trustees (CC30)
- Trustee payments and expenses (CC11)

Helpful links

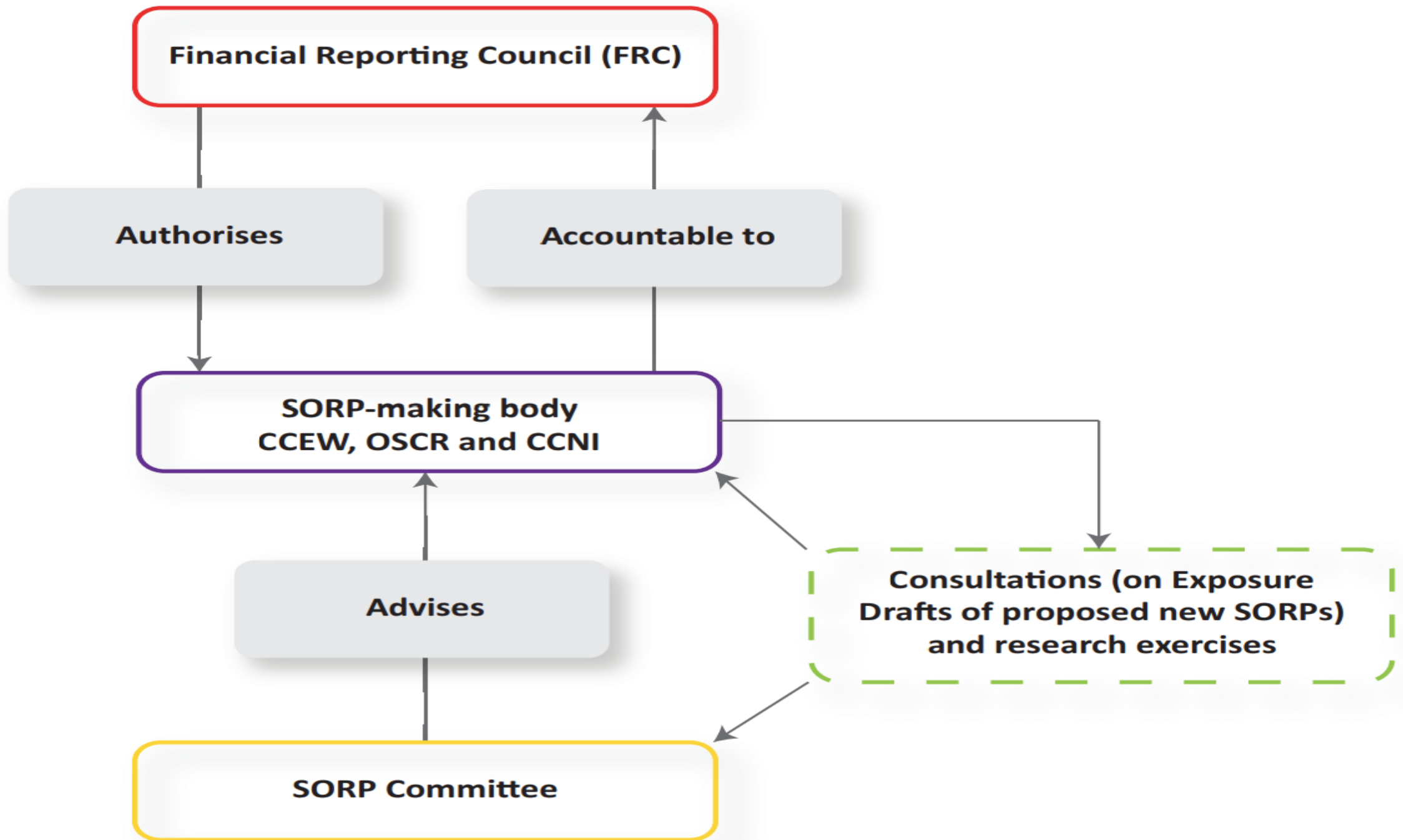


- Trustee Quiz [Take the trustee quiz - Test your knowledge as a trustee](#)
- [5-minute guides for charity trustees – Trustees Week](#)
- [Charity trustee welcome pack - GOV.UK](#)
- [Resources - Prevent Charity Fraud](#)



DEVELOPING THE CHARITIES SORP

- SORP is an interpretation of FRS 102 and so it must be updated to reflect the updated FRS 102
- SORP contains sector specific requirements
- SORP includes requirements set out in law and regulations
- Current SORP development started in 2021
- FRC issued FRED 82 in December 2022
- FRC published amendments to FRS 102 in March 2024



DEVELOPING THE CHARITIES SORP – Project plan



DEVELOPING THE CHARITIES SORP – FRS 102 amendments Lease accounting

Operating leases
will be
recognised on
balance sheet

Charities will
need to review all
leases

Under FRS 102
there are options
for simplification

SORP will provide guidance for
charities on how to apply FRS
102 but FRS 102 sets the
requirement

SORP consultation will not be
asking views on whether this
accounting treatment should be
introduced as this is in FRS 102

DEVELOPING THE CHARITIES SORP – FRS 102 amendments Lease accounting

Refer to FRS 102 and resources provided by the FRC

Review current leases - simplification?

Identify what leases will need to be accounted for on balance sheet (see FRS 102)

Consider what record keeping would be helpful to implement now to assist with future preparation of financial statements

Consider whether the change will impact financial covenants and audit

Seek advice from auditor / Independent Examiner

DEVELOPING THE CHARITIES SORP – FRS 102 amendments Revenue recognition

New 5 step
model for
recognising
income

Charities will
need to assess
how changes will
impact

Charities will
need to
understand
exchange/non
exchange income

SORP will provide guidance for
charities on how to apply FRS
102 but FRS 102 sets the
requirement

SORP consultation will not be
asking views on whether this
accounting treatment should be
introduced as this is in FRS 102

DEVELOPING THE CHARITIES SORP – FRS 102 amendments Revenue recognition

Refer to FRS 102 and resources provided by the FRC

Review current contracts and income streams

Identify both the amount and timing of income using the new model

Consider what record keeping would be helpful to implement now to assist with future preparation of financial statements

Consider whether the change will impact financial covenants
Seek advice from auditor / Independent Examiner

DEVELOPING THE CHARITIES SORP – wider SORP review

Wider update to
SORP – whole
SORP review

Drafting Aims and
Principles

Sought views
from Engagement
partners

SORP-making body is supported
by an advisory SORP Committee

DEVELOPING THE CHARITIES SORP – wider SORP review

The SORP has been
reviewed and updated
using consistent
language and
legislation updates

Options for
proportionate
reporting

Refreshed module 1 –
Trustees Annual Report

DEVELOPING THE CHARITIES SORP – next steps



Any Questions?

