

Policy Update

Charity Accountants Conference

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Directory of Social Change

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What I'll talk about:

- General posture of the government towards charities
- The Civil Society Covenant released in the summer
- Things to look out for in the Budget – 26 November
- New SORP – new requirements for the TARA
- Changes to financial thresholds in charity law
- English Devolution and Community Empowerment Bill
- Q&A – or anything else you want to discuss!

Rhetoric vs Reality



Cabinet charity experience



'Mission-led government'

- 1. Kickstart economic growth**
- 2. Make Britain a clean energy superpower**
- 3. Take back our streets**
- 4. Break down barriers to opportunity**
- 5. Build an NHS fit for the future**

The Civil Society Covenant – what is it?

“a living set of **principles** which will help to build effective **partnerships** right across the breadth of civil society and government”



Lisa Nandy

Lisa Nandy announces plan to restore charities to 'centre of national life'

The Covenant – Principles



Before



After

Recognition



Recognition and **Value**

Partnership



Partnership and **Collaboration**

Participation



Participation and **Inclusion**

Transparency



Transparency and **Data**

The Covenant – what’s in it?

More content and categories on, for example:

- **Beliefs / commitments:** “respect independence”
- **Aims:** “equitable society” “protect human rights”
- **Values:** “diversity, equality and inclusion”



Applies to civil society too...

- Further diversity, equality and inclusion
- Be proactively transparent
- Improve available data about civil society
- **Be accountable for how money is spent**
- Involve beneficiaries where relevant to work
- Give voice/access to lived experience



‘Embedding the principles’

- Joint Civil Society Covenant Council
 - Annual progress report
- Task and finish groups
 - “Commissioning”
 - “Local level partnerships”
- DCMS: Local Covenant Partnerships
 - HM Treasury “civil society forum”
- Capacity building/exchange programme



The Budget – 26 November

- Last Year's Budget/Spending Review:
 - Good news for Charity Commission
 - Mixed bag for Local Government
 - No resolution on ENICs
- Things to look out for this year:
 - Local Government spending
 - NI or income tax changes? (Gift Aid?)
 - Uprating thresholds – e.g. GASDS
 - Inheritance Tax changes (legacies?)
 - Anything on giving, philanthropy or 'impact economy'?



New SORP

Charities SORP

- Summer consultation → 31 October release → in effect January!
- Three 'tiers' intended to be more proportionate:
 - **Tier 1** – charities applying accruals accounts with gross income of not more than £500,000
 - **Tier 2** – charities with gross income above the Tier 1 threshold but with gross income of not more than £15m
 - **Tier 3** – all charities with a gross income above the Tier 2 threshold (i.e. above £15m)

New SORP

Charities SORP

- Substantial changes to the Trustees' Annual Report (Module 1)
 - **Volunteering:** *“the scale and nature of the activities undertaken by different volunteer roles and the input from volunteers”... “where practicable, the contribution of volunteers may be expressed in terms of full-time equivalent hours.” (all Tiers)*
 - **Impact:** *“the effect or influence that a charity has on its beneficiaries and wider society” and “the difference a charity’s work has made to the circumstances of its beneficiaries” (Tier 1 = ‘should’, Tier 2/3 = ‘must’).*
 - **Sustainability:** *“how the charity is responding and managing environmental, governance and social matters [ESG].” (‘must’ for Tier 3)*



Financial thresholds in charity law

- Many thresholds not updated in years – inflation effect
- 21 thresholds considered, about half will increase, e.g:
 - Use independent examiners – from £25,000 to £40,000 income
 - Require professional qualifications for independent examiners – from £250,000 to £500,000 income
 - Audit requirement – from £1m to £1.5m income
 - Audit requirement – value of assets – from £3.26m to £5m
- Will require secondary legislation, not in place before Oct 2026

English Devolution Bill



Devolve more powers to local areas in England:

- Transport and local infrastructure
- Skills and employment support
- Housing and strategic planning
- Economic development and regeneration
- Environment and climate change
- Health, wellbeing and public service reform
- Public safety

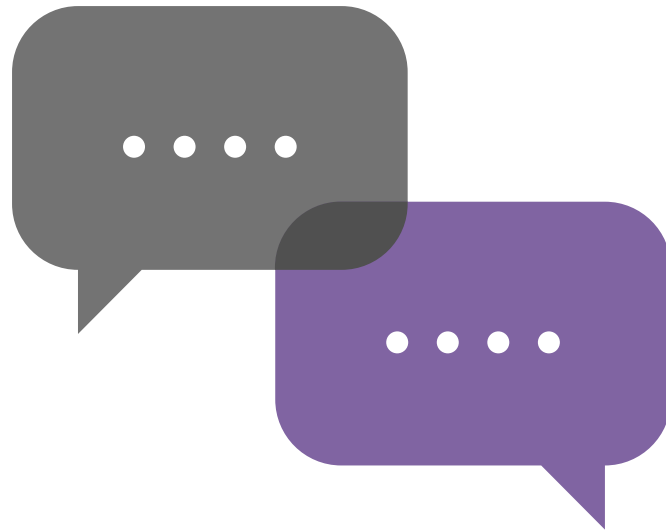
English Devolution Bill



‘Community Right to Buy’

- Strengthens previous Localism Act ‘Right to Bid’
- Listing of ‘assets of community value’ by council
- Groups can apply to add an asset to the list
- Local groups or parish councils to get ‘right of first refusal’

Conclusion and Discussion



Links and resources

- [Civil Society Covenant](#)
- [Civil Society Group submission to the Autumn 2025 Budget](#)
- [Charities SORP](#)
- [Consultation response on financial thresholds in charity law](#)
- [English Devolution and Community Empowerment Bill](#)

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