

9 July 2026

Social Purpose eNews



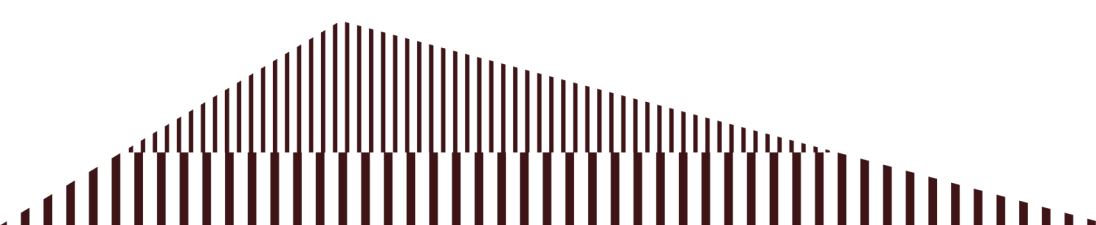
Charities warned of growing financial and operational pressures

A significant theme during June was concern over sector resilience. The [NCVO's Spring Briefing 2026](#) reported that many charities are operating in "Protection Mode", facing a combination of:

- ◆ Rising demand for charity services while funding remains constrained.
- ◆ Financial pressures from inflation and the cost-of-living crisis.
- ◆ Online hostility, misinformation, and reputational risks.
- ◆ Political and social polarisation, making public engagement more difficult.
- ◆ Rapid technological change, particularly risks associated with AI and digital misinformation.
- ◆ Leadership exhaustion and workforce strain caused by sustained uncertainty

The report argues that significant time, money, and leadership attention are being diverted from direct mission delivery towards managing risks, protecting staff, safeguarding reputations, and preparing for crises.

The Charity Commission also issued [new guidance](#) on grant-making and financial stewardship to help trustees manage resources responsibly during ongoing financial pressures.



New fundraising guidance and regulation

One of the month's most important regulatory developments was the **publication of joint fundraising guidance** by the Charity Commission and Fundraising Regulator. The guide sets out practical steps for anyone thinking about setting up a fundraising appeal, including in response to an emergency.

The guidance advises fundraisers to:

- Set a clear fundraising target and define a timeframe for the appeal.
- Inform donors in advance about any costs or expenses that will be deducted before funds are transferred to the chosen charity.
- Use a reputable online fundraising platform rather than a personal bank account to collect donations.

The guidance also provides a comprehensive checklist of recommended steps, along with advice on contingency planning to help fundraisers respond effectively if circumstances change during the appeal. The move aims to protect public trust and reduce risks of fraud or mismanaged appeals.



Charities and risk management

New research from Charity Finance Group (CFG) and The Risk Collaborative has found that the Charity Commission's risk management guidance, CC26, has been successful in encouraging charities to produce risk registers, but has had less impact on improving decision-making across organisations. More information can be found [here](#).

The study revealed that many charities continue to view risk management as a compliance exercise rather than a strategic tool. More than half (55%) of respondents who use a risk register said it plays only a limited role in decision-making, with key decisions often being made through separate processes that rarely refer back to the documented risks.

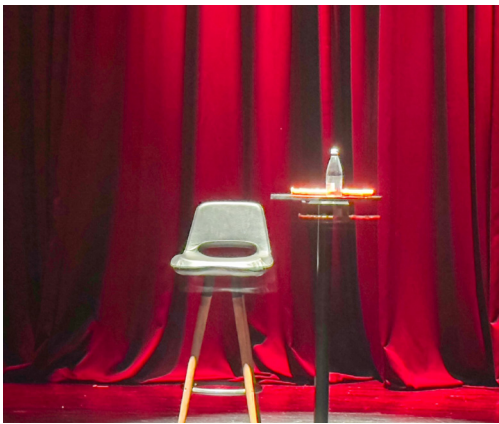
Researchers argue that the forthcoming refresh of CC26 presents an opportunity to shift the focus of risk management from producing paperwork to supporting better organisational decisions. They recommend that updated guidance should position risk management as a practical decision-making aid, helping trustees and leaders weigh opportunities and challenges more effectively.

Future Charity Report: AI in the Charity Sector 2026

The report by Charity Excellence examines how UK charities are adopting and managing artificial intelligence (AI). Drawing on surveys of more than 220 charities, fundraising research, and thousands of charity self-assessments, it concludes that AI is already widespread across the sector, but governance and strategic oversight are significantly lagging behind adoption.

Key findings are that:

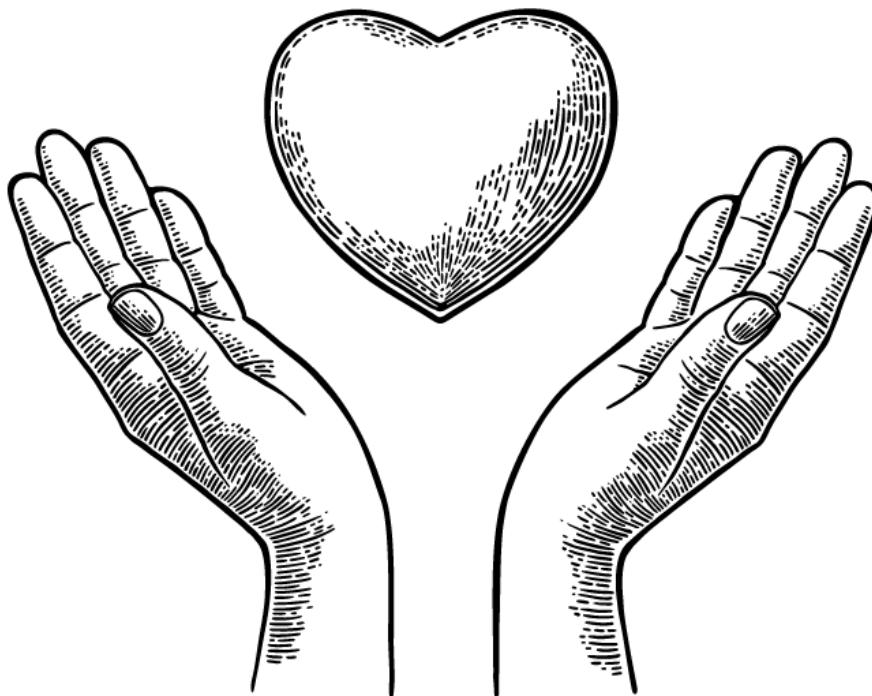
- AI use is widespread but largely informal
- Around three-quarters of charities are using AI in some form, but most usage remains informal and ungoverned.
- More than 60% of charities are still at an early stage of AI adoption.
- Only a very small proportion have embedded AI strategically across their organisation.



Small charities take centre stage

Small Charity Week (22–29 June) became a major focus across the sector. New research highlighted that small charities are now among the UK's most trusted institutions, with NCVO emphasising their importance in local communities and service delivery. Find out more [here](#).

The Charity Commission also used the period to champion smaller organisations, describing them as the “backbone” of civil society and highlighting their role as trusted, community-based responders to local need.



Mastering the New SORP – Webinar Series Returns This Autumn

Back by popular demand, our Mastering the New SORP webinar series returns this autumn to help charities and not-for-profit organisations prepare for the new SORP, effective for reporting periods beginning on or after 1 January 2026.

Across eight practical, expert-led sessions, we'll cover key changes including the new Trustees' Report, leases, income recognition, sector-specific guidance, and recap sessions to help bring everything together.

Whether you're a trustee or finance professional, you can join individual webinars or attend the full series to build confidence ahead of your next reporting cycle.

View the [full series here](#) and register.



Grant Funding & VAT: The rules may be changing

The recent Court of Appeal decision in the Colchester Institute case could have far-reaching implications for organisations that receive grant funding. The ruling challenges the long-standing assumption that grants are automatically outside the scope of VAT, instead highlighting that some funding arrangements may be treated as payment for services where there is a direct link between the funding and the activity delivered. This development could affect VAT recovery, reliefs and compliance across a range of sectors, not just education. [Our latest article](#) explores the key findings, what they could mean in practice, and the steps organisations should consider taking next.



HaysMac[★]

10 Queen Street Place
London EC4R 1AG

T 020 7969 5500
E marketing@haysmac.com

haysmac.com

© Copyright 2026 HaysMac LLP. All rights reserved.

HaysMac is the trading name of HaysMac LLP, a limited liability partnership. Registered number: OC423459. Registered in England and Wales. Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. A list of members' names is available for inspection at 10 Queen Street Place, London EC4R 1AG. A member of the ICAEW Practice Assurance Scheme.

Disclaimer: This publication has been produced by the partners of HaysMac LLP and is for private circulation only. Whilst every care has been taken in preparation of this document, it may contain errors for which we cannot be held responsible. In the case of a specific problem, it is recommended that professional advice be sought. The material contained in this publication may not be reproduced in whole or in part by any means, without prior permission from HaysMac LLP.

