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Social Purpose eNews



New help sheet on Lease Accounting

The introduction of Charities SORP 2026 brought significant changes to lease accounting and the recognition of lease arrangements within charity financial statements.

To assist with implementation, the SORP-making body has recently issued a [practical help sheet](#) explaining the criteria for the different lease classifications and accounting treatments. Charities with property leases, vehicle leases or other significant contractual arrangements may find the guidance particularly useful as they prepare for upcoming reporting periods.

Still trying to get your head around the SORP? We're here to help. Join us as we host our [Charities SORP recap webinar](#) on Wednesday 25 November at 10:00, covering the key changes and developments introduced by the new SORP, helping you understand what the updates mean in practice and how best to implement them in their reporting processes.

Financial resilience remains under pressure

Although charity income across the sector continues to exceed expenditure overall, many organisations continue to operate in a challenging financial environment. The Commission has reported an increase in casework relating to insolvency and financial difficulty, alongside a rise in charities choosing to remove themselves from the register. Smaller charities appear to be particularly affected by ongoing funding and cost pressures.

Trustees should continue to challenge budgets and forecasts, regularly monitor cash flow and reserves, and ensure that potential financial pressures are identified as early as possible.



Cyber security continues to rise up the agenda

Cyber security remains an area of growing concern for the sector. As charities become increasingly reliant on technology for fundraising, communication and service delivery, the risks associated with cyber attacks continue to increase. Recent incidents affecting systems used by charities have further highlighted the need for robust controls and effective oversight.

The Commission has emphasised that cyber security should not be viewed solely as an operational or IT matter. Trustees retain overall responsibility for managing cyber risk and protecting the charity's assets, data and reputation.

Increased scrutiny of governance and private benefit

The report also notes a continued increase in cases involving the abuse of charitable status for private benefit. Examples may include inappropriate payments to connected parties, misuse of charity funds, fraudulent fundraising activities or arrangements that primarily benefit individuals rather than furthering charitable purposes.

The Commission's message is clear: good governance remains one of the strongest safeguards available to charities. Trustees should ensure conflict of interest registers are kept up to date, related party transactions are subject to appropriate scrutiny and financial controls remain effective and proportionate to the size of the organisation.

Further information can be found in the [Charity Sector Risk Assessment 2026](#).



Continuing funding challenges

Financial sustainability remains a significant concern across the sector. Many charities are facing rising staffing and operating costs at a time when funding remains uncertain. Changes in donor behaviour, alongside continued pressure on public sector budgets, have made income streams less predictable and increased financial risk for some organisations.

The increase in employer National Insurance contributions from April 2026, together with higher wage costs, has added additional pressure for many charities. For organisations already operating with limited reserves, these increases can have a substantial impact on financial sustainability.

Against this backdrop, it is not surprising that the sector is seeing increased collaboration, mergers and, in some cases, charity closures.

Read more on the funding crisis [here](#).

Sector priorities ahead of the Autumn Budget

The Charity Finance Group, alongside more than 80 civil society organisations, has submitted recommendations to the Government as part of the Autumn Budget 2026 consultation process.

The proposals focus on improving the long-term sustainability of the sector, including calls for:

- ◆ Funding arrangements that better reflect the true cost of delivering services
- ◆ Greater use of multi-year funding agreements
- ◆ Modernisation of Gift Aid
- ◆ Support for charities adopting AI and new technology safely
- ◆ Increased investment in cyber resilience

The submission reflects many of the challenges currently being experienced by charities and highlights the sector's desire for a more sustainable funding environment.



Charity Sector Risk Assessment 2026

In August, the Charity Commission published its annual Charity Sector Risk Assessment 2026, setting out the key risks it believes charities should be considering as part of their governance and risk management processes.

Whilst every charity will face its own challenges, the report highlights several themes that are likely to be familiar across much of the sector.

Government consults on reporting modernisation

The Government has opened a consultation to modernise the UK's corporate reporting framework. Described as a "once in a generation" review, the proposals will examine the effectiveness of existing reporting requirements, audit exemption rules and accounting standards. It aims to simplify compliance, reduce unnecessary burdens and modernise the reporting regime for all businesses. The review forms part of a broader programme to streamline regulation whilst maintaining transparency and confidence in financial reporting. The review does include specific proposals and observations in relation to charities and other not for profit organisations, this is not just a review aimed at large and listed entities. The consultation is open until 30 November 2026.



SORP sessions

With SORP 2026 now in effect for relevant reporting periods, HaysMac's next SORP webinar takes place on 20 October 2026 and will focus on Income Recognition for Professional Institutes and Membership Bodies. We'll explore key income recognition principles, common areas of complexity, and the practical application of SORP requirements across a range of income streams. Head to our events page to view all webinars within our SORP series.

Is your charity making the most of Gift Aid?

Could your charity be missing out on valuable Gift Aid income? [Join our practical webinar](#) to explore common claiming challenges, how Gift Aid eligibility can shape fundraising activities, and opportunities to boost voluntary income by identifying donations that may have been overlooked.

[Register now](#) to discover practical ways to strengthen your processes and maximise your Gift Aid claims!



The new Charity SORP: Which tier applies to your charity?

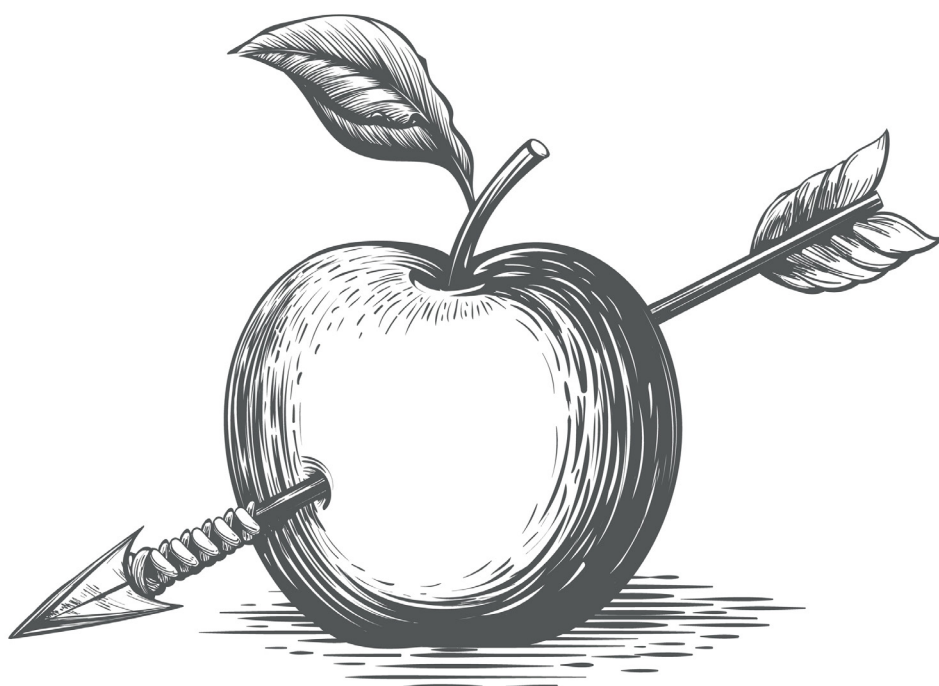
The new Charity SORP introduces a three-tier system, with disclosure requirements proportionate to the size of your charity. These changes apply to accounting periods starting on or after 1 January 2026.

Which tier applies to you?

- ◆ Tier 1: Income below £500,000
- ◆ Tier 2: Income between £500,000 and £15 million
- ◆ Tier 3: Income above £15 million

Our SORP disclosure checklists can help you identify the requirements relevant to your charity and support compliance. If your charity is also a company, you'll need to consider additional disclosure requirements under the Companies Act, alongside any applicable carbon reporting obligations.

[View our SORP disclosure checklists](#) to find the right guidance for your charity.



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