Department for Communities
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Department for Communities

Charities (Amendment) Bill Consultation Report

August 2026

Contents

1. Executive Summary

1.1 The Independent Review of Charity Regulation (the Review), published in January 2022, made a series of linked and mutually dependent recommendations to enhance and improve charity regulation in Northern Ireland. The Department published its response to the Review in November 2022, accepting or accepting in principle all but one of the recommendations. Some of the recommendations are being addressed through administrative changes and secondary legislation. However, 18 of the 93 recommendations that require primary legislation necessitate a new Charities Bill to amend the Charities Act (Northern Ireland) 2008 (the 2008 Act).

1.2. The Department conducted a public consultation from 27 March to 24 April 2026 on a draft Charities (Amendment) Bill. This consultation received 38 responses and one late response. Respondents included charity trustees, non-profit organisations, funders, individuals, and legal experts.

1.3. Eight of the responses were opinion pieces and did not provide specific answers to each question asked, but rather a general view that these organisations had. These responses have been considered qualitatively.

1.4. One late response has not been included in the statistics, but the qualitative comments have been taken into consideration as they mirror other opinions proffered.

1.5. The consultation sought views on proposed amendments set out in a draft Charities (Amendment) Bill, which were designed to implement the Review's recommendations. This included changes in reporting requirements, expanded and additional powers for the Charity Commission for Northern Ireland (the Commission) and the repeal of section 167 of the 2008 Act.

1.6. Across the consultation, respondents consistently emphasised that strengthening regulatory tools should be matched by clear safeguards and practical guidance. In particular, stakeholders highlighted the importance of proportionality, clarity of drafting, and transparency in how new powers will operate in practice to avoid unintended reputational impacts on well-run charities and to support confidence for trustee volunteers. The Department has therefore taken a balanced approach, proceeding with the Bill's overall direction while committing to a number of amendments to address suggestions made to improve it.

1.7. Respondents also stressed that operational deliverability will be critical to ensuring that new flexibilities and reporting changes achieve their intended effect. Comments highlighted the need for timely regulatory decision-making, particularly where charities must plan account preparation and meet filing deadlines, and for reporting templates to remain genuinely simple and accessible for smaller, volunteer-led organisations. The Department will work with the Commission and key stakeholders to support implementation, minimise avoidable administrative burdens, and ensure that the reforms remain workable in practice.

1.8. A number of responses challenged the initial Rural Needs Impact Assessment conclusion, noting that the same legal requirements can have different practical effects where charities operate with limited capacity, smaller volunteer pools, and barriers such as rural banking and connectivity. The Department agrees that the rural context requires clearer reflection and has published a strengthened Rural Needs Impact Assessment alongside this consultation response.

1.9. The consultation has directly informed a small number of targeted amendments designed to strengthen clarity, fairness and proportionality. These include refining disclosure provisions to address concerns about breadth and safeguards, strengthening the operation of official warnings to manage reputational impact, and improving certainty around account preparation flexibilities.

1.10. Following the amendment of the Bill as a result of consultation feedback, the Department received representations from the Commission concerning the operational deliverability of a statutory timeframe for dispensation decisions. The Department has therefore engaged with the Commission to develop an alternative approach to achieve the same policy objective. This would allow a charity which exceeds the £250,000 income threshold in an exceptional year to continue preparing receipts and payments accounts for that year, without needing to seek a Commission decision. If the charity’s income remains above the threshold in the following year, it would then be required to move to accruals accounts. The detail of this approach will be provided for in regulations. The Department considers that this revised approach will reduce administrative burdens for charities and the Commission, while maintaining the policy intent of ensuring that charities experiencing an exceptional year of income are not required to move immediately to the more onerous accruals accounting framework.

1.11. The Department considers the changes made to the Bill prior to it being introduced to the Northern Ireland Assembly respond to the key issues raised while maintaining the intent of the Bill to enhance regulatory effectiveness and reduce disproportionate burdens on smaller charities.

2. Introduction

2.1. In 2021, the Minister for Communities commissioned an Independent Review of Charity Regulation in Northern Ireland (the Review) to ensure that the regulatory framework for charities remained fit for purpose. The Review made 93 recommendations aimed at strengthening and improving the framework, several of which require primary legislation to implement.

2.2. The Review was subject to extensive consultation, and the Department accepted all but one of its recommendations[1]. This Bill, which amends the Charities Act (Northern Ireland) 2008, is intended to give effect to the majority of those recommendations that require primary legislation.

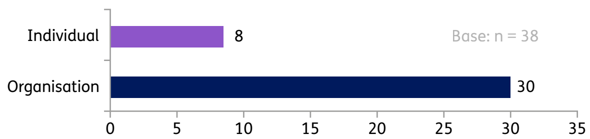
2.3. The Bill forms part of a wider programme of reform arising from the Review, which set out a series of interrelated recommendations to strengthen and modernise charity regulation in Northern Ireland. The Department's objective is to ensure that the legislative framework remains fit for purpose by enabling proportionate regulatory intervention where necessary, while also supporting compliance and minimising unnecessary administrative burdens, particularly for smaller, volunteer-led charities.

1. The rejected recommendation was that all charities should continue to be registered. The Department is bringing forward regulations to introduce a registration threshold below which charities will no longer be required to be registered with or report to the Commission.

3. Consultation approach and respondents

3.1. The Department conducted a public consultation from 27 March to 24 April 2026 in the form of an online questionnaire using the Citizen Space platform **(A Bill to amend the Charities Act (Northern Ireland) 2008 - NI Direct - Citizen Space)**. The questionnaire included a combination of both closed and open-ended questions to gather quantitative and qualitative feedback. Respondents were not required to answer every question, and as a result response numbers vary by question, with different base sizes across charts and analyses. Respondents could also provide written submissions if required. The consultation was open to anyone with an interest in charities or charity regulation, whether in a professional or personal capacity.

3.2. During this period, Departmental representatives attended a stakeholder event hosted by the Northern Ireland Council for Voluntary Action (NICVA), where officials answered questions, supported understanding of the Bill, and encouraged completion of the online questionnaire. No additional issues were raised at the event beyond those captured in consultation responses.



3.3. The Department received 38 responses: 29 via the online questionnaire and nine by email. Of these, 30 (79%) were from organisations and eight (21%) were from individuals. Respondents included charity trustees, charities, non-profits, funders and legal experts. Participants who agreed to be named are listed in Annexes 1 and 2.

3.4. Eight responses were submitted as general opinion pieces rather than completing the online questionnaire; these were assessed qualitatively. One late response was received and has not been included in the statistical analysis but the comments within were also considered qualitatively.

3.5. Analysis combined quantitative questionnaire data with qualitative evidence from written submissions, ensuring both overall trends and detailed stakeholder views, particularly on drafting, safeguards and implementation were reflected.

3.6. The Department acknowledges that the consultation period was short, but considers this struck a balance between the desire to seek views on the Bill as drafted with the limited time remaining in the current mandate. The consultation built on extensive prior engagement during the Review and the separate consultations conducted by the Department in both 2024 and 2025 on the registration threshold[2] and section 167. Issues raised during the consultation have informed the final draft of the Bill which has been introduced to the Northern Ireland Assembly.

2. Questions were included in this consultation on alignment of simplification of reporting requirements for small charities, which this Bill will facilitate.

4. Analysis of Consultation Results and the Department's Response

4.1. This section sets out each clause of the Bill, the proposed amendment, consultation feedback and the Department's response, including any resultant amendments made to the draft Bill before it was introduced to the Assembly on 15 June 2026.

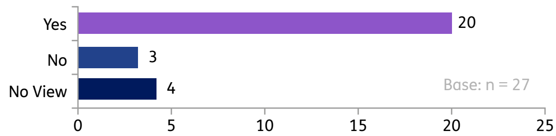
Clauses 1, 12, 13 and 14 provide interpretation, minor consequential amendments, commencement arrangements and the short title. They did not form part of the consultation questions.

4.2. Clause 2 – Disclosure

The amendment to section 24 broadens who the Commission can share information with. Currently, disclosure is limited to "public bodies or office-holders", which has caused practical issues when working with organisations like the Fundraising Regulator or members of legislatures. The new wording allows information to be shared with any person or organisation carrying out public or regulatory functions, ensuring clearer cooperation while maintaining existing safeguards and legal protections.

The Department proposes that section 24 of the 2008 Act be amended to replace the reference to public body or office-holder with one to reflect persons discharging functions of a public nature.

Do you agree with the Department's proposed amendments?



4.2.1. Most respondents who answered this question (20 out of 27) agreed with the Department's proposed amendments relating to section 24 of the 2008 Act. Three respondents did not agree, while a further four indicated they had 'No View' on the amendment.

4.2.2. Most respondents welcomed the proposed amendment to widen the information-sharing powers of the Commission, noting that it would enhance transparency and create efficiencies. In particular, respondents considered that the amendment would enable the Commission to cooperate more effectively with other bodies in specific circumstances (e.g. the Fundraising Regulator) as well as support collaborative research within the sector. However, some respondents stressed the importance of maintaining robust safeguards to ensure that any information shared is appropriately limited, reducing reputational risk for charities.

"Allowing appropriate information sharing should help reduce duplication and improve efficiency. However, it is important that clear safeguards remain in place to ensure that information is only shared where necessary and proportionate, and that charities are protected from unnecessary reputational risk."

4.2.3. A few respondents also stressed the need to keep the sector informed if the scope of information sharing is expanded, including by providing clear guidance about which bodies would be covered.

4.2.4. Some respondents considered that the proposed amendment was too vague and raised specific concerns regarding the potential sharing of information with individuals. Furthermore, a small number suggested that the amendment should be refined to ensure that information is shared only with relevant bodies, aligning more closely with the distinctions set out in the Charities Act 2011.

> "We believe this expanded definition is too vague - why would CCNI need to share information with an MLA, for example?"
>
> "We feel that the disclosure provisions set out in the Charities Act 2011 are much clearer than the proposed amendments to section 24."

The Department's Response

The Department welcomes the broad support for strengthening information sharing where it helps effective regulation and oversight, including cooperation with bodies such as the Fundraising Regulator. We also recognise that respondents want reassurance that any expansion of these powers will be clearly defined, tightly controlled and used only where necessary.

The Department accepts that the original drafting could be read as too broad and could create unnecessary uncertainty about who information might be shared with and in what circumstances.

To address this directly, the Department has narrowed and clarified the amendment so that section 24(1) of the 2008 Act remains restricted to disclosures to public bodies and office-holders, as is already the case, while making explicit that "public body" includes bodies discharging functions of a public nature and regulatory functions relating to charities or fundraising.

This is a targeted change designed to enable necessary information sharing with the Fundraising Regulator and similar bodies without widening the Commission's powers any further than required. The Department considers this approach the most proportionate way to meet the policy intent while responding to the concerns raised about clarity, confidentiality, and reputational risk.

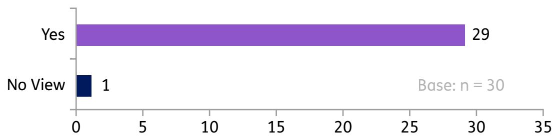
During development of the Bill the Department considered an issue relating to the scope of section 24 of the 2008 Act. The proposed amendment had been intended to ensure that the information-sharing power was sufficiently broad to permit appropriate sharing with elected representatives, including Members of Parliament and, where applicable, Members of the Northern Ireland Assembly. However, following a Reference by the Commission to the Charity Tribunal for Northern Ireland, the Tribunal considered the meaning of "office-holder" for the purposes of section 24 and whether MPs, Northern Ireland Executive Ministers and local councillors fall within that term. The Tribunal's determination in CTNI 4/24 provides clarification that the existing section 24 power is already sufficiently broad for these purposes. Accordingly, the Department considers that no further amendment is required in the current Bill to address this issue.

4.3. Clause 3 – Official warnings

The Review recommended that the Department consult appropriately on the possible introduction of an official warning power and whether it should be treated as a reserve power of the Commissioners or exercisable by Commission staff. This amendment introduces a new power for the Commission to issue official warnings to charities or their trustees where there has been misconduct, mismanagement, or a breach of trust or duty. The warning can be used instead of a full investigation or as an outcome of an inquiry when this is a more proportionate response. Safeguards include prior notice, clear reasons, an opportunity to respond, and the ability to vary or withdraw warnings. Failure to comply with an official warning will also become grounds for further regulatory action under section 33 of the 2008 Act.

The Department proposes the insertion of a new section 32A into the 2008 Act to grant the Commission the power to issue an official warning to a charity or its trustees.

Do you agree with the introduction of an official warning power for the Commission?



4.3.1. Almost all respondents who answered this question (29 out of 30) supported the introduction of an official warning power for the Commission. No respondents disagreed, and one respondent indicated that they had 'No View'.

4.3.2. Respondents expressed strong support for the introduction of an official warning power for the Commission with many respondents agreeing that it would offer a more proportionate alternative to a full inquiry, providing charities an opportunity to remedy issues before they escalate.

"It would be a good thing for people or charities to have a warning so they can look into the problems before a full enquiry is needed."

4.3.3. Respondents also considered that introducing this power would enhance accountability for charities, thereby contributing to greater transparency and increased public confidence in the sector overall.

"I think this would give more trust to the public that charities are being held accountable for any issues."

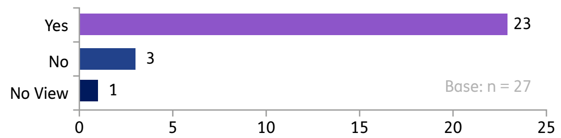
4.3.4. Respondents welcomed the inclusion of safeguards to ensure that the use of official warnings is fair and reasonable. In particular, respondents emphasised the importance of charities being given prior notice and an opportunity to respond and address concerns before any warning is published. There was also support for mechanisms allowing warnings to be varied or formally withdrawn where issues have been remedied, alongside clear appeal rights to ensure that volunteer trustees are treated fairly.

> "It is important that there is a right of appeal in this process - volunteer trustees need to be treated in a fair and reasonable manner and a right of appeal is part of a natural justice approach."

4.3.5. A small number of respondents expressed concern that Designated Religious Charities[3] would be exempt from the proposed official warning power. They were disappointed by this exclusion and questioned its rationale, noting that it was not recommended by the Review.

> "We are therefore disappointed that designated religious charities will be exempt from this oversight."

Do you agree with the Department's proposed amendments?



4.3.6. Most respondents who answered this question (23 of 27) agreed with the Department's proposed amendments relating to the inclusion of a new section 32A of the 2008 Act. Three respondents did not agree whilst one respondent expressed 'No View'.

4.3.7. As with responses to the previous question there was strong overall support for the Department's proposed amendments, provided safeguards are maintained. Respondents felt that these amendments offer a more proportionate approach as an alternative to initiating more serious actions immediately.

> "It provides a proportionate response and corrective course rather than immediate regulatory action."

4.3.8. However, a few respondents highlighted the need for clear guidance to be issued on the official warning power, particularly in relation to trigger points and the duration, variation and withdrawal of warnings. Such guidance was seen as important in providing further reassurance to charities about how the power would be applied.

> "(We) noted that the clause is not clear on the duration of a warning or whether there may be a time limit for such warning or if it remains until action is taken. (We) would also suggest that where the withdrawal of a warning takes place, a time limit is suggested for how long this may take."
>
> "It would be helpful to ensure that clear guidance is published outlining the circumstances in which warnings may be issued, varied, withdrawn, or published, and how proportionality will be applied."

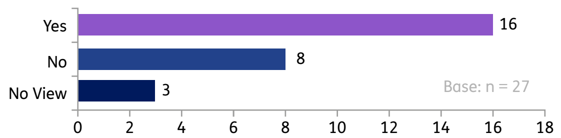
3. **Designated Religious Charity status** may be granted by the Commission under section 166 of the 2008 Act.

4.3.9. Among respondents who supported the introduction of an official warning power, but who did not agree with the Department's proposed amendments, concerns focused primarily on the exemption of Designated Religious Charities and issues around publishing in the public domain.

"...it is appropriate for all charities to be treated equally in this matter, even if Designated Religious Charities have special arrangements under the Charities Act."

"Publishing concerns in the public domain may undermine a charity and its work. Only when a warning has been ignored (charity given time) should the process and warning be brought to the media etc attention."

If such a power was introduced, should this power be reserved to Commissioners?



4.3.10. Sixteen of 27 respondents who answered this question felt that this power should be reserved to Commissioners. In contrast, eight respondents disagreed and three expressed 'No View'.

4.3.11. Overall, comments were mixed on whether this power should be reserved to Commissioners. A number of respondents supported extending the power to Commission staff, noting that this could support more timely action, reduce delays, and reflect the fact that staff are often closest to the issues identified.

"I think the Commission Staff should have the power as they have identified the issue and can articulate it."

4.3.12. However, others considered that, given the potential seriousness and reputational impact of an official warning on charities, particularly where publication is involved, the power should remain solely with Commissioners to ensure appropriate oversight.

"Considering the potential negative impact - the commissioners need to play a key role here."

The Department's Response

The Department notes that there is general support for introducing an official warning power as a proportionate way to address concerns at an early stage. At the same time, the Department recognises that, because warnings may be published and carry reputational consequences, the arrangements must be demonstrably fair, clear and proportionate in operation.

To address these issues directly, the Department has strengthened the safeguard relating to the withdrawal of published warnings. Clause 3 has been amended so that where a published official warning is subsequently withdrawn, the Commission must publish a withdrawal notice within 28 days. This provides a clear and timely end-point once concerns have been resolved, preventing historic warnings remaining publicly visible for longer than necessary and supporting proportionality in practice.

The Department also confirms that the official warning power will be reserved to Commissioners, reflecting the seriousness of the measure and ensuring appropriate senior oversight of decisions that may have significant impact. This is in line with the decisions to open a statutory inquiry and the powers of the Commission to act for the protection of charities being reserved to Commissioners in the Charities Act (Northern Ireland) 2022.

In terms of the suggestion that the official warning should carry appeal rights, the Department has carefully considered these views but does not consider that a formal appeal right would be proportionate. An official warning is intended to operate as an early, lower-level regulatory tool to encourage compliance, address concerns before they escalate, and reduce the need for more intensive regulatory intervention, including statutory inquiries. It is intended to be one step above the issuance of regulatory guidance to charities on the regulatory ladder. As charities will be given prior notice of the intention of the Commission to publish an official warning, they will have the opportunity to make representations to the Commission and can address the issues to prevent the issuance of the warning. The Commission will have the power to vary or withdraw the warning.

Where an official warning is followed by further regulatory action arising from a statutory inquiry, the relevant statutory appeal rights will apply to those subsequent decisions. In addition, while there is no specific appeal right attached to an official warning itself, the exercise of the power would remain subject to judicial review.

The Department considers that providing for appeals to the Charity Tribunal in respect of official warnings would risk making the power impractical and effectively unusable, given the costs, time and resources associated with tribunal proceedings when compared with the relatively low-level nature of the issues the power is designed to address. The Department therefore considers that the proposed approach strikes the appropriate balance between safeguarding charities, maintaining public trust and ensuring that charity regulation remains proportionate. This approach mirrors that taken in England and Wales.

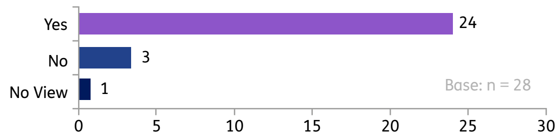
Finally, the Department has considered feedback on the proposed exemption for Designated Religious Charities and agrees that the official warning power should apply consistently across the charity sector. This will ensure a consistent, proportionate regulatory tool, which may avoid the opening of a statutory inquiry, is available across the sector and supports public confidence, while recognising that Designated Religious Charity designation already provides specific exemptions from certain protective powers under the 2008 Act. The exemption has therefore been removed, so that the official warning power applies to all charities.

4.4. Clause 4 – Power to remove trustees etc. following an inquiry

The Review recommended that to assist the Commission to regulate in an effective and proportionate manner the Department should expand the scope of the power to remove trustees to include those trustees who have resigned from office. It recommended that this power should be reserved to Commissioners. As it currently stands, if a trustee, charity trustee, officer, agent or employee of the charity is under investigation for misconduct and retires or resigns before the investigation is concluded, then the Commission has no authority to stop this person from becoming a trustee of another charity, even if they are found guilty of misconduct. This loophole presents a risk to charities whereby someone who has been removed can become involved in another charity, putting that charity at risk.

The Department proposes to amend section 33 so that the Commission has the power to continue with removal action, even if the person ceases to hold office or discontinues acting as an officer, agent or employee.

Do you agree with the Department's proposal to expand the scope of the power so that the Commission may continue with removal action, even if the person ceases to hold office or discontinues acting as an officer, agent or employee to include those persons who have resigned from office?



4.4.1. The majority of respondents who answered this question (24 of 28) agreed that the scope of the Commission's power should be expanded to allow removal action to continue even where the individual ceases to hold office. A small minority (3 respondents) disagreed, and one respondent expressed 'No View'.

4.4.2. Many respondents highlighted that the proposed expansion to the scope of the Commission's power would help protect charities, particularly smaller organisations with limited resources, from individuals who may otherwise move between charities following misconduct and cause further harm. This was seen as supporting good governance, accountability and confidence across the sector.

> "This provides protection to all charities and supports good governance and a high standard of stewardship of charities."

4.4.3. Alongside broad support, some respondents raised concerns about potential consequences, particularly in relation to employees, as opposed to trustees. These respondents noted the need for safeguards to ensure compliance with employment and equality law, alongside appropriate safeguards such as appeal mechanisms and clarity about how the power would be applied in practice.

"It would be helpful, for example, to provide clarification that the power...would have appropriate protections in terms of preserving their employment rights, and that an appeal mechanism would exist."

4.4.4. Among respondents who disagreed with the Department's proposal, one respondent suggested that the proposed power should be limited to trustees who resign, highlighting that applying it to employees could have implications for their future employment prospects, particularly where individuals may have been acting under the direction of trustees.

The Department's Response

The Department recognises the strong level of support for ensuring regulatory action cannot be avoided simply by resigning from a role. The purpose of Clause 4 is to protect charities and the wider sector by allowing the Commission to conclude removal action where it is already underway, even if the individual steps down.

The Department has also considered the concerns raised about scope, particularly how the provision might apply to employees and the interaction with employment and equality law. The 2008 Act already provides the power at section 33(2)(b)(i) for the Commission, after it has instituted an inquiry under section 22, to remove any employee of the charity who has been responsible for or privy to the misconduct or mismanagement or whose conduct has contributed to it or facilitated it. This Bill does not change that. Having reviewed these issues against the policy intent and the existing safeguards within the regulatory framework, the Department is satisfied that the clause remains an appropriate and proportionate measure to prevent avoidance and support effective regulation.

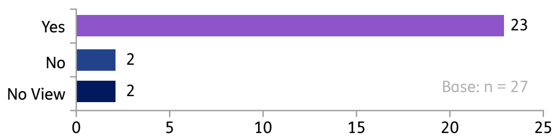
Accordingly, the Department will proceed with Clause 4 as proposed and, in light of the overall feedback, considers that no further amendment is required.

4.5. Clause 5 – Power to direct specified action not to be taken

The Review recommended that to assist the Commission to regulate in an effective and proportionate manner that a power is granted to the Commission to issue directions to trustees not to undertake certain actions. Section 36 provides the Commission with powers to direct that a charity take specific actions during the course of a statutory inquiry. However, the Commission does not have the complementary power to direct that a specific action is not to be taken where such actions are considered likely to constitute misconduct or mismanagement in the administration of a charity. This is not the case in other jurisdictions in the UK where regulators do have this power.

The Department proposes adding a new section 36A to the 2008 Act which mirrors section 84A of the Charities Act 2011 in England and Wales. This provision will empower the Commission to issue a direction prohibiting a person from taking specified actions where it considers that such actions would amount to misconduct or mismanagement in the administration of the charity. Associated appeal rights are provided in the draft Bill.

Do you agree with the Department's proposed approach?



4.5.1. Twenty-three of 27 respondents who answered this question agreed with the proposed addition of a section 36A to the 2008 Act empowering the Commission to prohibit a person from taking specified actions in certain circumstances. Two respondents disagreed with this approach and a further two expressed 'No View'.

4.5.2. There was strong support from respondents who viewed this as a sensible and preventative measure, allowing the Commission to intervene earlier and protect charities and beneficiaries before harm occurs, rather than acting only once damage has already been done.

> "This change gives the Commission a preventative power not just a corrective one."

4.5.3. A few respondents noted that the proposed power would align Northern Ireland with regulatory approaches in other UK jurisdictions. This alignment was viewed as strengthening the overall regulatory framework.

> "It is helpful that this proposal aligns with powers already available to regulators in other UK jurisdictions."

4.5.4. Some respondents highlighted the role of the proposed amendment in safeguarding charities and strengthening governance. The ability to prohibit certain actions during an inquiry was seen as complementing existing powers to direct trustees to take action, helping to manage risk and improve confidence within the sector.

> "This would then complement the Commission's power to direct that specific actions be taken by the trustees."

4.5.5. Alongside strong support, respondents emphasised that the use of this power should be proportionate, clearly justified and subject to appropriate safeguards, including review and appeal mechanisms. Again, there were also some objections to the exemption of Designated Religious Charities from this power whilst some respondents noted limitations in the drafting, including the absence of a power to direct action to support a charity. One respondent suggested a specific update to the clause:

> "...the proposed drafting requires insertions and substitutions and (we) suggest that the clause in general may be amended to permit the Commission in clause 36(1) to "take, cease or prohibit any action..."

The Department's Response

The Department considers Clause 5 to be a necessary and proportionate addition to the Commission's regulatory toolkit, enabling early intervention to protect charities, their assets and beneficiaries while an inquiry is ongoing.

In progressing this clause, the Department recognises the importance of clear safeguards around how the power is used. This power can only be used when the Commission has instituted a statutory inquiry into a charity and carries related appeal rights, equivalent to those provided for the existing complementary power of the Commission to direct that action is taken in the administration of a charity.

The Department also notes suggestions that transparency about how this power is operated in practice will be important for confidence. We will ensure that the Commission publishes clear guidance and communicates the circumstances in which directions may be used.

The Department notes comments that the proposed power under the new section 36A should also apply to Designated Religious Charities. The Department has considered these views but does not propose to amend the Bill in this regard. Under the existing framework in the 2008 Act, sections 33 to 36 do not apply to Designated Religious Charities, reflecting that such organisations are deemed to have appropriate internal governance and disciplinary structures in place to address misconduct and mismanagement. As section 36A forms part of this suite of regulatory powers, it is consistent that the new provision should likewise not apply to Designated Religious Charities. The Department notes, however, that Designated Religious Charity status is not absolute. Where the Commission is not satisfied that a Designated Religious Charity has dealt appropriately and effectively with misconduct or mismanagement, it may revoke that designation. In such circumstances, the charity would become subject to the full range of regulatory powers available under sections 33 to 36 of the 2008 Act, including the proposed new section 36A. The Department therefore considers that the existing arrangements strike an appropriate balance between respecting Designated Religious Charity status and ensuring that effective regulatory oversight remains available where necessary.

The Department notes the drafting suggestion provided by one respondent but is content that the current drafting meets the policy intent.

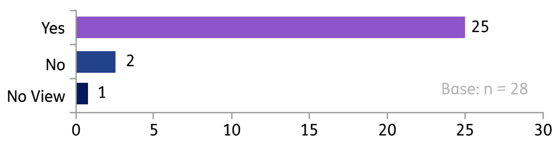
The Department will therefore progress Clause 5 as proposed, as an important preventative safeguard to stop potentially harmful actions proceeding while the facts are established.

4.6. Clause 6 – Automatic disqualification for being a trustee

Section 86(1)(d) automatically disqualifies anyone who has been formally removed as a trustee for wrongdoing from acting as a trustee again. However, this does not apply to those removed from other roles within a charity, such as officers, agents, or employees. The amendment closes this gap by extending automatic disqualification from acting as a charity trustee to persons removed from these roles following an inquiry. This change helps prevent individuals who have been removed for serious misconduct from moving into positions of responsibility in another charity, reducing risk and strengthening public trust.

The Department proposes to amend section 86(1)(d) of the 2008 Act to extend automatic disqualification to officers, agents or employees from acting as a charity trustee if they have been removed by the Commission.

Do you agree with the Department's proposed approach?



4.6.1. Almost all respondents who answered this question (25 of 28) agreed with the proposed amendment to section 86(1)(d) of the 2008 Act. A small minority (2) disagreed with this approach while one respondent expressed 'No View'.

4.6.2. As with earlier proposals, respondents expressed strong support for this amendment, noting that it would help reduce risk, strengthen safeguards for charities, and in turn enhance confidence across the sector.

"Yes, this reduces risk to people and prevents more harm."

4.6.3. A number of respondents sought further clarification on how the power would operate in practice. This included requests for clearer definitions of agents (i.e. whether this would include advisors) and whether the power could be applied retrospectively. Two respondents again noted that potential impacts on employment and equality law should be considered.

"(We) ask if this disqualification for trustees and agents can be backdated to Inquiries previously carried out by the Commission or must it only apply when this Bill becomes legislation?"

4.6.4. One respondent also proposed aligning the clause more closely with legislation in England and Wales by extending disqualification to senior management roles within charities.

The Department's Response

The Department agrees that this clause is an important safeguard to reduce repeat risk and strengthen confidence in charity governance by ensuring that individuals formally removed following serious misconduct cannot move into other trustee positions within the sector.

In taking this forward, the Department recognises the need for the measure to operate fairly and proportionately, and for its scope to be clearly understood. In terms of the calls for clarification on the meaning of the term "agent" and whether this would include professional advisers, the Department has considered these comments but does not propose to define "agent" on the face of the Bill. The term is not defined in the 2008 Act but has a well-established meaning in law, referring broadly to a person authorised to act on behalf of another. The Department considers that reliance on the ordinary legal meaning of the term provides the necessary flexibility to accommodate the diverse arrangements that exist across the charity sector. Whether a particular individual is acting as an agent of a charity will depend on the facts of the case. The operational application of the provision will be a matter for the Commission and may be supported through guidance where appropriate.

In terms of the suggestion that retrospective disqualifications should be applied to previous inquiries, the Bill has not been amended to apply this clause retrospectively. Individuals who were the subject of a statutory inquiry before the legislation comes into force would have been subject to the legal consequences that existed at the time. Applying a new and more restrictive consequence to past conduct would undermine the principle that people should be able to understand the legal effects of their actions and regulatory decisions when they occur. The purpose of the amendment is to close a gap going forward by ensuring consistency between trustees, officers, agents and employees who are removed following serious misconduct or mismanagement. Applying the new disqualification prospectively achieves that objective while avoiding the need to revisit historic inquiry outcomes and reassess individuals against a standard that did not then exist.

Accordingly, the Department will proceed with the clause as proposed.

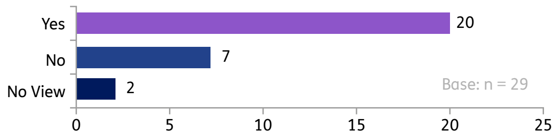
4.7. Clause 7 – Requirement to prepare accounts

The Review recommended amending the 2008 Act and the Charities (Accounts and Reports) Regulations (Northern Ireland) 2015 (the 2015 Regulations) to reduce reporting burdens for small charities and introduce greater flexibility. Key proposals include updating section 64 and the 2015 Regulations to allow the Commission to grant dispensations from the requirement to prepare accruals accounts where a charity exceeds the £250,000 threshold due to exceptional, one-off income; and to set clear content requirements for receipts and payments accounts and statements of assets and liabilities, improving consistency and clarity for smaller charities. The Review also recommended adopting a proportionate, tiered approach for charities with gross annual income of £25,000 or less by removing the requirement to file an annual statement of accounts and undergo independent examination, replacing these with an annual monitoring return and a simple online financial template, and consulting on whether thresholds should be based solely on income or include assets.

Dispensation from the requirement to prepare accruals accounts

The Department proposes to amend the 2008 Act to allow the Commission to grant dispensations from the requirement to prepare accruals accounts when a charity exceeds the £250,000 income threshold due to exceptional, one-off circumstances, such as a large grant or fundraising campaign. This change aims to reduce unnecessary administrative burdens on smaller, unincorporated charities while maintaining proportionate regulation. The amendment will simplify section 64 to enable detailed rules to be set in secondary legislation, providing flexibility for future updates. The 2015 Regulations will then be revised to allow the Commission, on application and at its discretion, to grant such dispensations for the financial year concerned.

Do you agree with the Department's proposed amendments?



4.7.1. Of the 29 responses to this question, 20 respondents agreed with the proposed amendments to allow the Commission to grant accruals-account dispensations where a charity's income exceeds the £250,000 threshold due to an exceptional, one-off circumstance. However, seven respondents did not agree and two expressed 'No View'.

4.7.2. This approach was widely viewed as proportionate, helping to reduce the administrative burden on smaller organisations and avoiding the need for small charities to adopt complex accounting systems for a single year. Several respondents emphasised the need for clear guidance on eligibility and the application process, while others highlighted the importance of robust checks to ensure appropriate accountability across the sector.

"The current requirements are excessive for small groups."

"I agree with reducing the burden on small charities, however it would be prudent that sufficient checks are in place to ensure the charity is being run in a responsible way."

4.7.3. A number of respondents raised concerns about the time it may take for the Commission to grant or refuse a request for dispensation. Some felt it was unlikely that requests would be processed promptly and noted that, as a decision is required before accounts can be prepared, this could create uncertainty and additional pressure for smaller organisations. In particular, this may make it more difficult to meet the ten-month reporting deadline following the financial year end. Some called for a clear timeframe to be established (e.g. a decision within 30 days of receiving the request) while another suggested that charities should be able to apply the dispensation without prior approval from the Commission.

"It would be better if groups could apply this dispensation themselves and reference it in their accounts."

4.7.4. A small number of respondents suggested that charities should only be permitted to apply for dispensation for a single year. In contrast, another argued for greater flexibility, proposing that the Commission should be able to grant dispensation for an additional year, where justified in certain circumstances.

4.7.5. Some respondents who supported the approach felt that the threshold should be increased to align with those in other UK jurisdictions. In contrast, one respondent who disagreed with the approach suggested that the thresholds should instead be lowered in order to maintain robust regulation and accountability in the sector.

4.7.6. A small number of respondents raised concerns about the potential funding implications of the proposed changes. They noted that funders currently monitor compliance with existing reporting requirements, and any changes to these requirements could create additional obligations and affect current funding arrangements. Respondents suggested that the Department and the Commission should engage with funders to minimise any additional burden, while still maintaining appropriate levels of assurance and confidence.

"Many funders rely on the regulatory framework provided by the Charity Commission as an assurance that appropriate auditing and reporting requirements are in operation, and that the organisation has effective systems to manage funding at such levels."

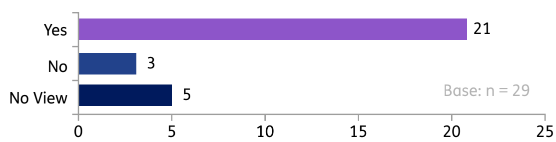
4.7.7. A small number of respondents expressed disagreement with the proposed amendment, primarily on the basis that all organisations should be treated consistently. They raised concerns that any variation in approach could lead to uneven standards across the sector and weaken accountability.

Content requirements for Receipts and Payments Accounts

The Department proposes that section 64 of the 2008 Act is amended to provide a regulation making power enabling the Department to prescribe the format and content of receipts and payments accounts, including the statement of assets and liabilities. This will allow the detailed amendment to be made by secondary legislation, allowing flexibility to update requirements over time without the need for further primary legislation. Following this, the 2015 Regulations will be amended to:

- specify the minimum content requirements for the statement of assets and liabilities, including the requirement to provide values for assets and liabilities; and
- disapply the content requirements for receipts and payments accounts for charities who are eligible for template reporting.

Do you agree with the Department's proposed amendments?



4.7.8. The majority of respondents who answered this question (21 of 29) agreed with the proposed amendment to section 64 of the 2008 Act, which would enable the Department to prescribe the format and content of receipts and payments accounts. Three respondents disagreed, while a further five expressed 'No View'.

4.7.9. The proposed amendment was widely viewed as a positive step, with respondents noting that it would enhance clarity and consistency in financial reporting, particularly for smaller charities. Some respondents emphasised that a clear regulatory framework is needed to support transparency and enable effective regulation.

"...a clear regulatory framework for R&P accounts is essential if they are to provide meaningful information for users of charity account and to allow appropriate regulatory oversight."

4.7.10. Some respondents also noted that any future changes to regulation should be kept simple, proportionate and clearly communicated.

4.7.11. A small number of respondents expressed concerns that this amendment could result in a framework which is more complicated, particularly if it includes the requirement to provide values for assets and liabilities. This was viewed as potentially more onerous and costly for small charities to complete. Respondents therefore strongly emphasised that any proposed new format should be designed in consultation with the sector to ensure it remains proportionate and practical.

"...requiring a value for assets could potentially bring the complexity of accrual accounting to the receipts and payments framework. For example to properly account for the value of assets do you need to include depreciation? If so then the R&P framework wouldn't be simplified, it would be more complex."

Template Reporting

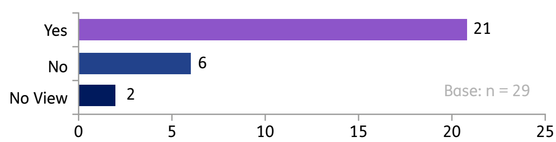
The Department intends to introduce a simplified reporting framework for the smallest charities, reducing administrative burdens while maintaining transparency. Following feedback from a recent consultation, the reporting threshold will align with the registration threshold of £20,000 or less annual income and £100,000 or less assets. Charities below this threshold will benefit from a simplified statement of accounts.

The Department proposes to amend section 64 to simplify the primary legislation to allow the detailed amendment to be made by secondary legislation, allowing flexibility to update requirements over time without the need for further primary legislation. Template accounting can be achieved because the Department can prescribe a different form and content of accounts for very small charities.

Following this, the 2015 Regulations will be updated to:

- allow for the introduction of a simplified form of statement of accounts for charities falling below a £20,000 annual income and £100,000 asset threshold, which will be amendable by order of the Department.

Do you agree with the Department's proposed amendment?



4.7.12. Twenty-one of 29 respondents who answered this question agreed with the proposed amendment to section 64 of the 2008 Act, which would allow for template reporting to be introduced. Six respondents disagreed and a further two expressed 'No View'.

4.7.13. There was strong agreement among respondents that template reporting would provide a simplified framework for smaller charities. Respondents noted that this could help reduce administrative burden while ensuring that reporting requirements remain appropriate and proportionate. Some emphasised that any templates developed should be kept simple and user-friendly to support ease of use.

"Ensuring that templates remain straightforward, accessible and easy to use will be important in supporting compliance across the sector."

4.7.14. One respondent added that any template should be downloadable to ensure accessibility for individuals who may have limited digital skills.

4.7.15. A small number of respondents indicated that the details of this amendment could be complex and would require careful consideration. They suggested that further clarification is needed, with one respondent specifically recommending that the detail of the proposal be subject to consultation.

"...the potential complexity around this for volunteers in governance roles is a major issue. Real clarification is required as to how this would be implemented!"

4.7.16. Some respondents were of the view that all charities, regardless of size, should be required to prepare full and accurate accounts. One respondent further emphasised that accounts should be made publicly available to ensure transparency.

"I believe all, no matter how small should be made to keep accurate accounting and that accounting should be publicly transparent."

4.7.17. Some respondents disagreed with the need for an additional template, suggesting instead that the existing receipts and payments (R&P) template could be updated to reflect the new accounting regulations and used where appropriate. They also noted that not all organisations wish to rely on templates when preparing their accounts.

"We note that CCNI already provides a template that charities can use to prepare R&P accounts. This will need some updating to address the new R&P accounting regulations, but we do not consider that there is a need for some further template for the very smallest charities."

The Department's Response

The Department notes that the majority of respondents are in favour of the proposed amendments. The Department's intention with Clause 7 is to reduce unnecessary administrative burden where it adds limited value, without weakening public confidence or creating avoidable uncertainty for charities trying to comply, and to create a more adaptable accounts and reports framework that can more easily be amended over time.

In respect to the dispensation from accruals accounts arrangements in an exceptional year of income, respondents agreed this must work in practice, particularly given filing deadlines and the lead-in time needed for account preparation and, where relevant, appointing external professional support. The Department agrees that a dispensation mechanism is only effective if charities receive decisions in time to act on them.

In response, the Department amended Clause 7, to include the ability for the Department, in the regulations, to specify a timeframe by which the Commission must communicate its decision on a dispensation request. This change was intended to provide greater certainty, improve planning for trustees and advisers, and ensure the dispensation process supports compliance rather than creating delay related risk. However, since this amendment was made, the Commission has raised concerns regarding the resource implications and operational deliverability of processing and determining dispensation requests within a prescribed timeframe, particularly given the potential volume of applications and the need to assess individual circumstances.

Having considered these representations, the Department has concluded that an alternative approach could achieve the same policy objective while avoiding the creation of an additional administrative burden for both charities and the regulator. The Department therefore proposes to provide, through subordinate legislation, a more streamlined mechanism whereby a charity that exceeds the £250,000 income threshold solely as a result of an exceptional year of income may continue to prepare receipts and payments accounts for that financial year without requiring a specific decision from the Commission. Where the charity's income remains above the threshold in the following financial year, it would no longer be treated as experiencing an exceptional year and would be required to transition to accruals accounts in accordance with the normal requirements. The Department considers that this revised approach provides greater certainty for charities, removes the need for an application and decision-making process, reduces regulatory and administrative costs, and continues to deliver the underlying policy intent of ensuring that charities are not required to move immediately to the more complex and resource-intensive accruals accounting framework as a result of a one-off and exceptional increase in income.

In terms of the call for the accruals account preparation threshold to be increased in line with other UK jurisdictions, or decreased as suggested by one respondent; any amendment to the value of the threshold can be made by Order and does not require amendment via this Bill.

In respect to concerns about funding and the dispensation from preparing accruals accounts in an exceptional year of income, funders determine their own funding criteria and the amendment will still allow a charity to prepare accruals accounts if a funder requires it.

In relation to the concerns expressed that the proposed changes could lead to a more complex accounting and reporting framework, particularly if charities preparing receipts and payments accounts were required to provide additional information on the value of assets and liabilities, the Department has considered these concerns carefully and wishes to clarify that the policy intention is not to alter the substantive requirements that currently apply to receipts and payments accounts. The existing provisions will be transferred from primary legislation into subordinate legislation and replicated in substance, ensuring that charities are not subject to new or additional reporting obligations as a result of this change. The rationale for moving these provisions to regulations is to provide greater flexibility to update and refine accounting requirements in the future, should this prove necessary, without requiring further primary legislation. The only substantive change currently proposed is the introduction of simplified template reporting arrangements for the smallest charities. The Department considers that this approach will maintain existing reporting requirements for the vast majority of charities while reducing administrative burdens for smaller organisations and providing a more flexible and responsive legislative framework for the future. Furthermore, the Department intends to consult on the regulations prior to making them to ensure that the operational deliverability works for the sector and the Commission.

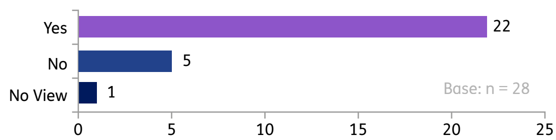
More generally, the Department will ensure that the detailed implementation of section 64 changes and template reporting remains simple, proportionate and clearly communicated, and will be developed in a way that avoids unnecessary complexity for volunteer-led organisations. The amendments are not intended to reduce accountability or accuracy for small charities in preparation of their accounts.

4.8. Clause 8 – Audit requirements: disapplication for small charities

Linked to the recommendation to remove the requirement to file an annual statement of accounts, the Review also recommended charities below the template reporting threshold should not be required to undergo independent examination, which can be costly in some cases.

The Department proposes to amend section 65 to remove the requirement for independent examination for charities that have an annual income below £20,000 and assets below £100,000.

Do you agree with the Department's proposed amendment?



4.8.1. The majority of respondents (22 of 28) agreed with the proposed amendment to section 65 of the 2008 Act. A small number of respondents (5) disagreed, while one respondent expressed 'No View'.

4.8.2. Respondents expressed a high level of support for removing the requirement for independent examination for charities with annual income below £20,000 and assets below £100,000. Many noted that this change would have a positive impact in reducing costs and easing regulatory demands for smaller charities. A small number highlighted practical challenges charities face, including difficulties in securing an Independent Examiner willing to act on a voluntary basis, as well as uncertainty about who is eligible to carry out an examination. This can lead to additional pressure and, in some cases, the need to engage professional accountants at significant cost. Removing this requirement for smaller charities was therefore viewed as a more proportionate approach, helping to support the sustainability of the sector as a whole.

> "We support this proposal, as removing independent examination requirements for the smallest charities ensures regulation remains proportionate while maintaining trust in charities and reducing unnecessary costs."

4.8.3. In addition, some respondents suggested that removing this requirement could help incentivise smaller charities to remain on the charities register, rather than relying on an exemption from registration which will be available when the Charities (Exemption from Charity Registration) Regulations are made. This was viewed as beneficial, as some funders restrict their support to registered charities, meaning these organisations would remain eligible for funding.

> "This would encourage low income groups to stay on register, which as a funder of registered charities only, would support us in continuing to support them."

4.8.4. Some respondents noted that, while they supported the approach, it remains important that reporting requirements continue to provide an adequate level of transparency. One respondent suggested this could be supported by requiring accounts to be completed by a suitably competent person.

4.8.5. One respondent, while agreeing that small charities should be exempt from the requirement for independent examination, suggested that the income threshold should be set at a higher level and aligned with that in England and Wales. The same respondent also disagreed with the application of an asset threshold, noting that this would undermine clarity and simplicity for smaller charities, particularly where receipts and payments (R&P) accounts are prepared and for which there is no requirement to value assets.

> "In England and Wales, the threshold below which an independent examination is not required has been £25,000 for more than a decade and is being increased to £40,000 from 30 September 2026. We feel a similar limit could well make sense for Northern Ireland."

4.8.6. Respondents who disagreed with the proposal expressed strongly held concerns. One respondent argued that independent examination should apply to all charities, regardless of size. Another felt that introducing exemptions could undermine public confidence in the sector. A further respondent considered the proposed thresholds to be too high, expressing concern that the ease of establishing charities without sufficient scrutiny could result in limited visibility over how donated funds are used.

> "Could affect public confidence."

The Department's Response

The Department recognises the broad support for the removal of independent examination requirements for the smallest charities, while also noting the concerns raised about maintaining public confidence and ensuring appropriate transparency. In particular, the Department has considered the feedback that including a £100,000 asset threshold to determine eligibility risks creating unnecessary complexity and uncertainty for charities preparing receipts and payments accounts, where formal asset valuation is not currently required.

In response to this feedback, the Department has amended Clause 8 to remove the asset element from the proposed threshold which will mean charities will not be required to assess their assets to determine whether they are required to have their accounts independently examined. This change is intended to keep the framework clearer and simpler for small charities, while still delivering the intended reduction in disproportionate burden.

In terms of the level at which the threshold is set, the current proposal is in line with that consulted upon and any further change can be implemented via secondary legislation if deemed appropriate. Any further change would need to be considered in line with the composition and characteristics of the Northern Ireland charity sector.

The Department has also amended Clause 13 to allow Clause 8 to be commenced by order to allow the Commission time to prepare for this change.

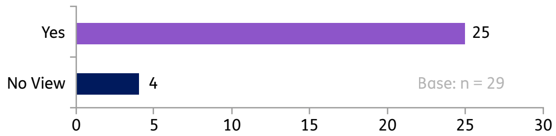
4.9. Clause 9 – Meaning of 'gross income'

The Review recommended that the Department amend the definition of 'gross income' in section 180 of the 2008 Act to provide greater clarity to charities as to its meaning.

The Charities Statement Of Recommended Practice (SORP) recognises that deciding whether a charity's incoming resources count as income or capital is complex. The Department is of the view that this is not something that can be easily fixed by changing the law. The current legal framework works well, and writing detailed accounting rules into legislation would remove flexibility and make it harder to adapt to future changes. For example, if new types of capital assets or receipts emerge, the law could quickly become outdated.

The Department proposes not to amend the definition of "gross income" in the 2008 Act but instead to take a power for the Department to update and clarify the meaning of income over time via subordinate legislation. This would allow the Department to respond to new developments and align with best practice across the UK.

Do you agree with the Department's proposed approach?



4.9.1. The majority of respondents who answered this question (25 of 29) agreed with the Department's proposed approach to the definition of 'gross income'. No respondents disagreed, while four expressed 'No View'.

4.9.2. Overall, respondents expressed agreement with the proposed approach to retain flexibility by not fixing the definition of 'gross income' in primary legislation. However, a small number of respondents indicated that they did not understand the proposal. One respondent stressed that the sector should be consulted in advance of any future changes, while another highlighted the need for clear and accessible guidance to help charities understand how income should be classified following any changes.

> "We would highlight that before any subordinate legislation is introduced, the sector should be consulted thoroughly via representative bodies and networks."

4.9.3. While the proposed approach was generally seen as supporting alignment with UK best practice, one respondent highlighted the importance of also ensuring consistency with the Republic of Ireland, to facilitate smooth operation for organisations working across the various jurisdictions.

> "In setting that definition, it will be important to ensure broad consistency with the approaches taken in the South and in Britain so that charities operating across jurisdictions are not faced with conflicting reporting requirements."

4.9.4. One respondent emphasised the importance of transparency in income reporting. In particular, noting that charities who operate across multiple jurisdictions should clearly distinguish between income generated within Northern Ireland and income received from elsewhere. Furthermore, they highlighted the need for charities to provide a breakdown of different funding streams.

> "When charities are reporting their gross income, they should also provide a clear breakdown of the different funding streams in which a charity receives support to ensure full transparency and public confidence in the sector."

The Department's Response

The Department notes the broad support for the proposed approach and will progress the proposal as set out.

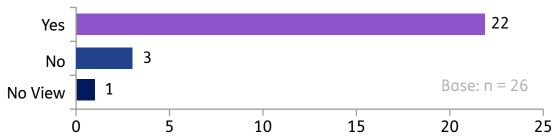
The Department also recognises that some respondents found the proposal difficult to understand and that others stressed the importance of clear, accessible guidance and sector engagement before any subordinate legislation is introduced. The Department therefore intends that the sector will be appropriately engaged as proposals are developed.

4.10. Clause 10 – Annual reports and returns

Here, the Bill returns to the idea of "template reporting" as provided for in Clause 7. This clause makes some comparatively modest alterations to sections 68 and 70 of the 2008 Act. These ensure that the form and content of annual reporting and returns can be adjusted for very small charities

The Department proposes to amend sections 68 and 70 to allow for template reporting.

Do you agree with the Department's proposed approach?



4.10.1. Twenty-two of 26 respondents who answered this question agreed with the Department's proposed approach to amending the 2008 Act to allow for template reporting. Three respondents disagreed while one expressed 'No View'.

4.10.2. Most respondents considered this to be a sensible and proportionate approach, which would ease the burden on smaller charities while maintaining appropriate levels of transparency and oversight.

"Aligning reporting expectations with charity size supports compliance and sustainability across the sector."

"Anything that makes life easier for small charities is a good thing."

4.10.3. A small number of respondents emphasised the importance of keeping the reporting template straightforward and of providing clear guidance to support compliance and consistency across the sector.

"In relation to template reporting, this may also assist those involved in charitable organisations to understand what requirements are in place and avoid the cost of audit requirements provided that sufficient guidance on requirements also accompanies any introduction of these provisions."

4.10.4. The minority of respondents who disagreed with the approach argued that transparency requirements should apply consistently to all charities, irrespective of size.

"Burden must include transparency of accounting and of spending regardless of size."

4.10.5. One respondent also noted an inconsistency between the consultation document, which refers to section 69, and the draft Bill, which references section 68.

The Department's Response

The Department notes the overall support for this proposal and will proceed with this clause as proposed. The Department considers that enabling template reporting is a proportionate way to support compliance for very small charities, while continuing to require appropriate information to be provided through annual reporting and returns.

The Department thanks the respondent who identified an inconsistency in the section references used in the consultation document. The Department acknowledges that the consultation document referred to amendments to sections 69 and 70 of the 2008 Act. The Bill itself amends sections 68 and 70 in relation to annual reports and returns, with section 69 amended separately under Clause 7 as a consequential change arising from the revised accounting provisions.

The Department also recognises the importance of ensuring that any template reporting is clear, straightforward and maintains transparency, and that guidance will be necessary, so charities understand what is required and how to complete the template correctly.

4.11. Clause 11 – Removal of regulatory arrangements

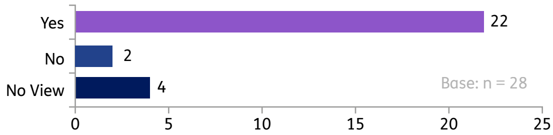
The repeal of section 167 is intended to provide clarity for organisations operating for charitable purposes in or from Northern Ireland, enabling them to make informed decisions about their operations in Northern Ireland without the uncertainty that this un-commenced provision has created. Responses to the recent public consultation highlighted strong opposition to introducing Northern Ireland-specific reporting requirements, which would be required if the current provision were to be commenced, exceeding reporting requirements in other jurisdictions and creating additional burden without clear benefit.

As registration under section 167 would not confer charitable status under Northern Ireland law, it would not resolve existing funding or tax issues experienced by some such organisations. These institutions can choose to constitute separately in Northern Ireland and register with the Commission if they feel it is in their best interests to do so.

Furthermore, the practical effect of the territorial extent of the 2008 Act would prevent the Commission from exercising protective powers over charities established elsewhere, with concerns about misconduct or criminality remaining more appropriately addressed by the home regulator or the Police Service of Northern Ireland. Maintaining a registration framework without corresponding regulatory oversight risks confusing the public and undermining trust and confidence in the Commission.

The Department proposes the repeal of section 167 to provide certainty to such institutions and to allow them to continue to operate for charitable purposes in or from Northern Ireland, as they currently do.

Do you agree with the repeal of section 167?



4.11.1. The majority of respondents (22 of 28) agreed with the Department's proposal to repeal section 167 of the 2008 Act. Two respondents disagreed while a further four expressed 'No View'.

4.11.2. There was agreement that repealing section 167 was a sensible approach that would provide greater clarity for charities operating in or from Northern Ireland that are not registered locally. Respondents also noted that removing the requirement to register would reduce unnecessary administrative burden for both charities and the Commission and help avoid duplication of charity registers.

"Repeal provides clarity, allowing organisations to continue operating in or from Northern Ireland under their home regulator, while retaining the option to establish and register a separate NI charity if appropriate."

4.11.3. A small number of respondents noted that the repeal could reduce duplication and administrative burden as well as provide greater clarity for charities operating across jurisdictions, helping to avoid unnecessary duplicative regulatory requirements.

"Removing the requirement for dual registration for charities already registered in other UK/Ireland jurisdictions reduces duplication and aligns NI with cross-border operational realities."

"Maintaining consistency with regulatory approaches elsewhere in the UK helps reduce confusion and administrative burden, particularly where charities collaborate across jurisdictions."

4.11.4. However, one respondent noted that some all island charities registered in the Republic of Ireland have had to establish a separate Northern Ireland charity to continue claiming Gift Aid on UK donations.

4.11.5. One respondent who disagreed with the repeal felt that all organisations should be required to register as a charity in Northern Ireland.

"One rule. Either register in NI or lose status."

4.11.6. Another respondent queried whether charities whose income exceeded the threshold should continue to provide audited accounts to the Commission as a means of maintaining transparency and financial accountability.

The Department's Response

The Department notes the majority support for repealing section 167. Repeal will provide greater clarity and certainty for charities, particularly those established outside Northern Ireland that operate in or from Northern Ireland, by removing an un-commenced provision that has generated uncertainty about its practical application. Repeal will also help avoid the risk of duplicative requirements and administrative burden for charities and the Commission and will support better alignment with regulatory practice elsewhere in the UK, which is especially important for organisations working across jurisdictions.

The Department also notes the points raised about cross-border operation, including funding and tax-related considerations, but reiterates that these issues would not be addressed by the commencement of section 167. The Department agrees that it is preferable to proceed with a clear and consistent framework rather than retain a provision that would not deliver the outcomes some organisations originally expected.

Accordingly, the Department will progress the repeal of section 167, as it provides the clearest, most proportionate and least burdensome approach for the sector overall whilst retaining the public visibility already provided by those organisations being registered and reporting to their home regulators.

4.12. Anything else

Do you have any other comments that you would wish us to consider in relation to the proposed amendments in the Bill?

4.12.1. Further comments raised during the consultation but not directly related to the Bill, which have not been addressed elsewhere in this report are included below.

A small number of respondents commented on the audit threshold, expressing disappointment that the proposed amendments did not include an increase and noting that this is not aligned with other jurisdictions. Respondents indicated support for a review and potential increase to the threshold, with some suggesting it be set at £500k.

The Department's Response

The Department is currently considering the audit threshold in Northern Ireland. Any increases to the current threshold can be made via secondary legislation.

Concerns were raised regarding oversight of unregistered charities, with one respondent noting that the public may need to trust those organisations presenting themselves as charities. They emphasised the need for a proactive approach by the Department, the Commission and the Fundraising Regulator to ensure such organisations are aware of, and adhere to, their legal and fundraising responsibilities.

The Department's Response

This concern relates to the proposed introduction of a registration threshold which was separately consulted upon.

Some respondents noted the absence of a Charitable Incorporated Organisation (CIO) structure in Northern Ireland. They outlined associated governance and administrative challenges, including increased costs, dual regulation, and potential personal liability for trustees in unincorporated charities. Respondents highlighted that this places Northern Ireland out of step with other UK jurisdictions and may create wider risks for the sector, including difficulties in trustee recruitment and reduced public confidence.

The Department's Response

The introduction of Charitable Incorporated Organisations in Northern Ireland will require commencement of Part 11 of the 2008 Act and the making of regulations. The Department intends scoping this work, which was recommended by the Review, in the next mandate.

One respondent suggested that consideration should be given to situations where a one-off item, such as a bequest, results in income exceeding the threshold, triggering the need for a full audit.

The Department's Response

The 2008 Act already provides for a dispensation from audit to be granted by the Commission in exceptional circumstances on application by the relevant charity.

5. Conclusion

The Department is grateful to all those who took the time to respond to this consultation. The views, evidence and expertise provided by charities, representative bodies, professional advisers and other stakeholders have played an important role in informing the development of the Charities (Amendment) Bill and the refinements made to its provisions.

The Department believes that the Bill provides a balanced and proportionate response to the recommendations of the Review, supporting a modern regulatory framework that is both effective and practical. The proposed amendments are intended to improve the operation of charity law, provide greater clarity and certainty for charities and trustees, and remove unnecessary administrative barriers that can discourage participation in the sector.

As the Bill progresses, the Department welcomes the detailed scrutiny that will be undertaken by the Northern Ireland Assembly. This scrutiny will help ensure that the legislation delivers its intended outcomes and commands the confidence of charities, donors and the wider public.

Ultimately, the Bill seeks to support a more enabling and proportionate regulatory environment, helping the Charity Commission for Northern Ireland to regulate effectively while better supporting the work of charities. By reducing unnecessary burdens, removing barriers to public participation and maintaining appropriate levels of transparency and accountability, the Bill will help strengthen the charity sector and enable it to continue making a vital contribution to communities across Northern Ireland.

Annex 1: List of organisations

Charity Finance Group

Charity Law Association

Church of Ireland and Methodist Chaplaincy Belfast

CO3 - Chief Officers Third Sector

Edwards Solicitors

Fundraising Regulator

Golden Thread Gallery

Halifax Foundation for Northern Ireland

Meigh Community Association

National Secular Society

NICVA

Our Social Space

Redburn Loughview Community Forum

Rural Community Network

The Community Foundation Northern Ireland

The Confederation of Community Groups

The Duke of Edinburgh’s Award - Northern Ireland

The Fermanagh Trust

The Guide Association in Northern Ireland

The Law Society of Northern Ireland

Tina Marshall Consultancy Ltd.

Ulster Society of Chartered Accountants - Charity Group

Volunteer Now

Women’s Resource and Development Agency

Annex 2: List of individuals

Mary T Conway

Anne McCracken

Gareth McGleenon

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Available in alternative formats.

Department for Communities
www.communities-ni.gov.uk