Charities SORP 2026

What's changing in the Trustees' Annual Report

Helping you prosper

Meet your speaker

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What we will cover today

1. Why SORP 2026? The big picture
2. The new three-tier framework explained
3. Key changes: what's new in each tier
4. Impact & sustainability reporting focus
5. Practical steps: how to approach your report
6. Resources & how UHY can help

Why SORP 2026?

Alignment with FRS 102

FRS 102 was updated in 2024. SORP 2026 incorporates these changes, including new lease and revenue recognition rules (covered in our separate webinar).

Proportionate Reporting

Previous SORP applied broadly. SORP 2026 introduces a three-tier system so reporting requirements match charity size - balance information of public interest whilst recognising that many charities fall into Tier 1 or Tier 2.

Public Trust & Transparency

Stakeholders increasingly expect evidence of impact, ESG awareness, and sound governance. SORP 2026 formalises these expectations into clear reporting standards.

📅 Effective for accounting periods starting on or after 1 January 2026 - first reports likely for year-ends 31 December 2026 or 31 March 2027

* Early adoption is permitted, but not for unincorporated charities or CIOs.

The new three-tier framework

Requirements are cumulative - higher tiers include everything from lower tiers

Up to £500,000

Smaller charities

Simplified accruals reporting. Core trustees' report narrative. Focus on objectives, achievements, financial review and governance basics.

Tier 2

£500k - £15m

Mid-size charities

All Tier 1 requirements plus: detailed impact reporting, expanded risk disclosures (incl. cyber & environment), fundraising commentary, investment policies, legacy income narratives.

Tier 3

Above £15m

Largest charities

All Tier 1 & 2 requirements plus: mandatory sustainability/ESG reporting section, cash flow statement, strategic report (if company), forward-looking factors affecting finances.

Note: Threshold changes for audit & independent examination are also increasing (effective from ~October 2026 for England & Wales)

Key changes – all tiers

Mandatory impact narrative

Enhanced

All charities must now explain the impact made — the difference to beneficiaries and to society. Use of infographics, case studies and testimonials is actively encouraged.

Objectives & performance

Enhanced

Clearer structure required: what did you set out to do, what did you achieve, and how well did you meet your stated aims and objectives?

Future plans

Enhanced

All charities must provide a summary of future plans — including aims, objectives and activities planned. Consider your reserves and going concern position.

Volunteer contributions

Enhanced

All charities must include an explanation of the scale and nature of activities undertaken by different volunteer roles. Not just a number — describe what they do.

Reserves policy

Enhanced

Compare actual reserves to your policy. If designated or committed amounts exist, explain the purpose and likely timing of expenditure.

“Must/should/may" language

Enhanced

SORP 2026 uses consistent language: 'Must' = legal requirement; 'Should' = best practice; 'May' = permissible enhancement. Know which category each disclosure falls in.

Tier 2 – Additional requirements

Expanded risk disclosures

Enhanced

Principal risks must now explicitly include environmental and cyber risks, alongside a summary of plans to manage those risks.

Legacy income narrative

New

Where material legacy income is accrued before receipt, explain the timing difference and its effect on resources available to the charity.

Detailed impact reporting

Enhanced

Must explain impact on beneficiaries AND long-term effect on society. Provide measures/indicators, outputs and how activities contributed to objectives.

Fundraising commentary

Enhanced

Explain approach to fundraising, adherence to voluntary standards, monitoring of professional fundraisers, complaints received, and protection of vulnerable donors.

Investment policies

Enhanced

Must explain policies for selection/retention of investments and the extent to which social, environmental or ethical considerations are taken into account.

Volunteer numbers

Enhanced

Should provide information on the number of volunteers and activities they support. Hours or staff equivalents may be provided where practicable.

Tier 3 – Additional requirements

Mandatory ESG / Sustainability Section

New

Must provide a summary of how the charity responds to and manages environmental, social and governance matters. Covers climate risks, cyber security, data privacy, board diversity and employee wellbeing.

Financial outlook disclosures

Enhanced

Must explain factors likely to affect the financial performance or position of the charity going forward — not just a review of the current year.

Fundraising performance

Enhanced

Must report on the performance of material fundraising activities against objectives, and explain the impact of material fundraising expenditure on net returns.

Cash flow statement required

New

Only Tier 3 charities (and companies exceeding company size thresholds) are required to prepare a cash flow statement — reducing burden on Tier 1 & 2.

Strategic report (charitable companies)

Enhanced

Medium/large charitable companies must include a strategic report with fair and balanced review, principal risks, s172 statement (large only), employee engagement statement (250+ employees).

Climate disclosures

Enhanced

Large charitable companies may be subject to s414CB Companies Act 2006 requirements for climate-related financial disclosures. Relevant KPIs and calculation methodology required.

Trustees' Report Requirements at a Glance

Requirement	Tier 1 (≤£500k)	Tier 2 (£500k–£15m)	Tier 3 (>£15m)
Objectives, activities & public benefit	**Must**	**Must**	**Must**
Volunteer roles explained	**Must**	**Must**	**Must**
Achievements & impact on beneficiaries	**Must**	**Must**	**Must**
Infographics / testimonials encouraged	May	Should	Should
Volunteer numbers & activities detail	—	Should	Should
Impact on society (long-term)	—	**Must**	**Must**
Fundraising disclosures	—	**Must**	**Must**
Fundraising performance vs objectives	—	—	**Must**
Principal risks (incl. cyber & environment)	—	**Must**	**Must**
Investment policies	—	**Must**	**Must**
Legacy income timing narrative	—	**Must**	**Must**
ESG / Sustainability section	May	May	**Must**
Cash flow statement	—	—	**Must**
Future plans with lessons learned	**Must**	**Must**	**Must**
Financial outlook (forward-looking factors)	—	—	**Must**

Impact reporting: what does good look like?

The Output → Outcome → Impact Chain

Outputs	**What did you do?** "We delivered 1,200 food parcels to 480 families"
Outcomes	**What changed for people?** "92% of recipients reported reduced food insecurity"
Impact	**What difference did it make?** "Families could prioritise household bills, reducing debt and mental health burden"

SORP 2026 Asks Trustees To Consider:

In what way has the charity's work made a difference to the circumstances of its beneficiaries?

Has the charity's work provided any wider benefits to society as a whole?

What measures or indicators assess performance (including environmental or social issues)?

How have activities contributed to the achievement of the charity's aims and objectives?

Infographics, statistics, case studies and beneficiary/volunteer testimonials are actively encouraged

Sustainability & ESG Reporting

New for Tier 3 / Encouraged T1&2

E Environmental

- Climate-related risks and opportunities
- Key performance indicators against climate targets
- Calculation methodology for KPIs
- TCFD-aligned disclosures for larger charitable companies

S Social

- Employee engagement and wellbeing programmes
- Board diversity and inclusion
- How the charity supports its local community
- Volunteer contribution and social value

G Governance

- Privacy, cyber security and data protection
- Business ethics and anti-bribery policy
- Board composition and trustee recruitment
- Internal controls and risk management

Practical steps: drafting your trustees' report

1

Identify your tier

Establish whether you are Tier 1, 2 or 3 based on gross income. Remember requirements are cumulative. If you're close to a threshold, consider which year you'll cross it.

2

Review your template

Update your trustees' report template to reflect SORP 2026 structure. Ensure each section maps to the 'Must', 'Should' and 'May' requirements for your tier.

3

Gather your impact data

Start collecting data now: beneficiary numbers, outcomes measured, volunteer hours, KPIs against objectives. Stories and testimonials are valuable — gather them year-round.

4

Plan for sustainability

Even if not mandatory for your tier, consider your ESG narrative. Identify who is responsible. Review existing policies on environment, diversity and governance.

5

Review reserves & risk

Ensure your reserves policy is documented and compare to actual position. Broaden risk register to explicitly include cyber and environmental risks.

6

Allow time for trustees

The report must be approved by trustees. Allow adequate time for review, particularly for new areas like impact narratives and ESG content that trustees may be less familiar with.

Resources & how UHY can help

Key external resources

Charity SORP Website
Full SORP 2026 text, summary of changes, Q&A

Charity Commission / GOV.UK
Official guidance on threshold changes and SORP updates

Inspiring Impact / NPC
Free impact measurement toolkits and frameworks

Social Value UK
Social value measurement frameworks and Outcomes Matrix

NCVO / Charities Evaluation Services
Evaluation guides and peer learning networks

Charity Excellence Framework
Free impact report templates and health checks

How UHY can support you

Report review & template update
We'll review your current trustees' report template and update it to SORP 2026 requirements for your tier.

Sustainability & ESG support
Our Sustainable Business team can help you develop your ESG framework, identify KPIs and draft your first sustainability narrative.

Impact measurement framework
We'll help you design a practical impact measurement framework aligned to your charitable objectives and SORP requirements.

Trustee training
We offer trustee training sessions covering SORP 2026 changes, impact reporting best practice and governance obligations.

Compliance review
Our charity specialists will review your completed report against SORP 2026 requirements before sign-off.

Contact

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