***De Minimis* Assessment: Self-Certification Template**

Department for Culture, Media & Sport

Title of regulatory proposal	*Extension of the Charity Commission's powers to tackle extremism*
Stage	Consultation
Lead Department/Agency	DCMS
Expected date of implementation	2027
Origin	Domestic
Date	11/09/2025[1]
Lead Departmental Contact	charitylaw@dcms.gov.uk
Departmental Triage Assessment	Equivalent Annual Cost to Business (EANDCB: 2024 prices) = £0.2m

Call in criteria checklist	
Significant distributional impacts (e.g. significant transfers between different businesses or sectors)	No
Disproportionate burdens on small businesses	No
Significant gross effects despite small net impacts	No
Significant wider social, environmental, financial, or economic impacts	No
Significant, novel, or contentious elements	No
Primary or secondary legislation	Secondary

Senior Economist signoff: 26/09/2025

[1] This DMA was completed in September 2025 and is being published retrospectively. We have made two factual changes at time of publication. These are:

- Updating the implementation date
- Updating a reference to the number of successful Tribunal appeals of disqualification orders (from one to two).

These changes are not material to the analysis underpinning this DMA, and therefore the analysis has not been updated.

SUMMARY

Rationale for government intervention

DCMS is proposing to strengthen the Charity Commission for England and Wales' powers to disqualify individuals from being trustees or senior managers of a charity. In the rare cases that extremist abuse occurs in charities, this can have a significant impact on public trust and confidence in the sector as a whole. The Commission is able to tackle this within its current powers, but it is often resource intensive and open to significant legal challenges or delays.

By adding further offences to the criteria for automatic disqualification, more individuals will be disqualified from serving as a trustee automatically, rather than relying on the Commission taking action under its discretionary power. Expanding the conditions that enable the discretionary power to be used will allow the Commission to respond more quickly and effectively to remove individuals who promote violence or racial or religious hatred from the charity sector.

Policy options

Option 0 – Do Nothing. The Commission retains only its current powers to tackle extremist abuse of charities, which is often resource intensive to do and open to significant legal challenges or delays.

Option 1 - Secondary Legislation (preferred option) – Expand the criteria for automatic disqualification and the conditions that enable the discretionary disqualification power to be used.

Option 2 - Improved Guidance - Improve and expand the scope and frequency with which the Commission provides guidance to charities where there is evidence of extremist behaviour.

Option 3 - New Powers for the Commission - Introduce primary legislation to give the Charity Commission new powers to tackle extremist abuse of the sector.

Summary of business impact /Rationale for DMA Rating

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			**Score for Business Impact Target (qualifying provisions only) £m:1.0**
Costs: 0.2	**Benefits: 0.0**	**Net: 0.2**	

This assessment estimates that the Charity Commission will incur a familiarisation cost burden of £6,500 to produce and disseminate the new guidance. Each charity will also incur a transitional cost burden of £15.23 in time for familiarisation with changes in regulations. With 170,842 charities registered in England and Wales as of 01/08/2025, the total familiarisation cost for charities will be £2,601,200.

This assessment only monetised the benefits from changes to section 181A(7), specifically the reduction in time spent on discretionary disqualifications resulting from the Charity Commission's increased powers. We estimate this policy change will provide an average annual benefit of £4,400 to the Charity Commission over the appraisal period. The total benefit over the 10 year appraisal period is estimated to be £37,700.

As the table presents the Equivalent Annual Net Direct Cost to Business (EANDCB) is £0.2m. The policy does not have significant distributional, social, environmental or financial impacts, and it does not place a disproportionate burden on small businesses.

1.0 Policy Rationale

Policy background(*)

- There are over 170,000 registered charities in England and Wales. The Charity Commission for England and Wales (the Commission) is the independent regulator of charities. Charities, both individually and collectively, rely on public trust and confidence to carry out their vital work for society.
- The Commission's current powers are set out in the Charities Act 2011 (the 2011 Act). These include: opening a statutory inquiry into a charity, issuing an Official Warning to a charity or its trustees, suspending or disqualifying trustees, and in some cases appointing an interim manager to take over the running of a charity.
- DCMS is proposing to strengthen the Commission's powers to disqualify individuals from being trustees or senior managers of a charity, through secondary legislation, to add the following:
    - 1. Hate Crimes: the addition of the certain hate crime offences to section 178A(1) (Specified Offences leading to Automatic Disqualification)
    - 2. Supply of False or Misleading information: the addition of the offence under section 60 of the 2011 Act (Supply of false or misleading information to Commission) to the list of offences at section 178A(1) (Specified Offences leading to Automatic Disqualification).
    - 3. National security: the addition of certain offences under the National Security Act 2023, the Official Secrets Act 1911 and the Official Secrets Act 1920 to section 178A(1) (Specified Offences leading to Automatic Disqualification).
    - 4. Immigration and nationality decisions: the introduction of a new condition to section 181A(7) (Disqualification Power) that captures individuals in respect of whom certain immigration orders and nationality decisions have been made
    - 5. Promotion or encouragement of violence or racial or religious hatred: the introduction of a new condition to section 181A(7) (Disqualification Power) concerning individuals who engage in conduct which promotes or encourages violence or racial or religious hatred.

Problem under consideration

- Reviews into the government's response to extremism have highlighted the need to ensure that the Commission has the powers necessary to target extremist abuse of the charity sector.
- In the rare cases that extremist abuse occurs in charities, this can have a significant impact on public trust and confidence in the sector as a whole. The Commission is able to tackle this within its current powers, but it is often resource intensive and open to significant legal challenges or delays.
- Currently, in cases relating to extremism, the Commission can take discretionary disqualification action on the basis of the individuals' conduct under condition F in section 181A(7) (that an individual's conduct is harmful and damaging to public trust and confidence in charities). This can lead to significant challenges and delays.

Rationale for intervention

- The Commission's regulatory powers are set out in the 2011 Act, and expanding the offences and conditions in the proposal can only be done through secondary legislation.
- The nature of the offences we are proposing to add to the criteria for automatic disqualification involve either intention or recklessness, and allowing individuals convicted of these hate crime offences or national security offences to act as trustees or in senior management functions is likely to negatively impact on public trust and confidence in charities. Therefore we consider that unspent convictions for these offences are sufficiently serious to warrant automatic disqualification from trusteeship and senior management, owing to the motivations of the perpetrators of such offences.
- The two proposed new conditions under the discretionary power will make it easier to demonstrate that the conditions at section 181A(7) are met, making it more straightforward for the Commission to remove the ongoing risk such individuals present to the charity with which they are involved, as well as the wider sector.

Policy objective

- By adding further offences to the criteria for automatic disqualification (certain hate crimes, certain national security offences, and Supply of false or misleading information to the Commission), more individuals will be disqualified from serving as a trustee automatically, rather than relying on the Commission taking action under its discretionary power.
- There are at least 2 cases where the Commission currently would have to use its discretionary power to ensure individuals convicted of the supply of false or misleading information are disqualified. It would no longer have to do so under this new proposal as they would be automatically disqualified.
- Expanding the conditions that enable the discretionary power (certain immigration and nationality decisions and the promotion or encouragement of violence, or racial or religious hatred) to be used will allow the Commission to respond more quickly and effectively to remove individuals who promote violence or racial or religious hatred from the charity sector.
- The intended outcome is that individuals who may seek to abuse public trust in charities are able to be more quickly disqualified from trustee and senior manager positions, and that this process is quicker for the Commission and may result in fewer cases being appealed to First-Tier Tribunal.
- Between 2016, when the discretionary disqualification power was introduced, and March 2024 the Commission has made over 160 disqualification orders. The use of this power is amongst those most challenged in the Tribunal, however, the Commission has been successful in defending its use of the power. To date, all but two disqualification orders have been upheld by the Tribunal. There have been 16 appeals heard to date.

Options considered

- **Option 0 – Do Nothing.** The Commission retains only its current powers to tackle extremist abuse of charities, which is often resource intensive to do and open to significant legal challenges or delays. The Commission has been criticised for its perceived slowness at tackling charities that are alleged to be extremist.
- **Option 1 - Secondary Legislation (preferred option)** – Expand the criteria for automatic disqualification and the conditions that enable the discretionary disqualification power to be used. By adding further offences to the criteria for automatic disqualification, more individuals will be disqualified from serving as a trustee automatically, rather than relying on the Commission taking action under its discretionary power. Expanding the conditions that enable the discretionary power to be used will allow the Commission to respond more quickly and effectively to remove individuals who promote violence or racial or religious hatred from the charity sector.
- **Option 2 - Improved Guidance** - Improve and expand the scope and frequency with which the Commission provides guidance to charities where there is evidence of extremist behaviour. While the Charity Commission often uses guidance to trustees as a first step where there are reports of extremist behaviour in charities, this could be improved upon and used more frequently. A guidance review could take place within the Commission's normal plan of work, at minimal cost. However, if a trustee or senior manager is actively working to promote extremist behaviour through a charity, they are unlikely to willingly follow guidance from the Commission. It is likely that by delaying action against an individual in favour of guidance, public trust and confidence in the charity sector and the Charity Commission could suffer.
- **Option 3 - New Powers for the Commission** - Introduce primary legislation to give the Charity Commission new powers to tackle extremist abuse of the sector. While we have explored initial ideas for new powers that could be given to the Charity Commission, there is much more work needed to create a robust set of proposals that would be evidenced to effectively regulate the sector. There is also currently no legislative vehicle to put these measures to Parliament. The overall time that these two activities would take means that we prefer to expand the current Commission powers now, in order to have some impact within a reasonable period of time.

This assessment does not appraise options 2 and 3 due to the lack of reliable data.

2.0 Costs and Benefits

Options

Option 0 – Do Nothing. The Commission retains only its current powers to tackle extremist abuse of charities, which is often resource intensive to do and open to significant legal challenges or delays.
Option 1 – Secondary Legislation. Expand the criteria for automatic disqualification and the conditions that enable the discretionary power to be used.

All costs and benefits presented below are in 2024 prices and 2026 present value base year.

Costs to Business

Familiarisation Costs to Business

For the purposes of this assessment, all impacts on charities are treated as business impacts and incorporated into the equivalent annual net direct cost to business.

When estimating the time cost, this assessment used the Annual Survey of Hours and Earnings estimate for the median gross hourly wage for "other Managers and Proprietors"[2] because it is difficult to estimate the exact wage of a charity worker due to the wide variations in charities and their operations: for example, in a very small charity, the person undertaking this task may be the most senior (or indeed only) member of staff. Consequently, the average wage used in this assessment is £16.64.

To understand the number of charities currently in operation, this assessment used the Charity Commission data on the number of registered charities, which stands at 170,842[3].

Based on conversations with the Charity Commission and desk research regarding what updating guidance can look like, we estimate an average of 0.75 hours for charities to read about the update to existing regulations, update colleagues, and ensure that their current trustees meet the eligibility criteria. Changes to sections 178A(1) and 181A(7) will impact all charities.

Therefore, the familiarisation cost to the charity sector for reading and understanding the guidance on changes to sections 178A(1) and 181A(7) is estimated to be £2,601,200 based on the following calculation of 0.75 hours * all charities * £16.64 *1.22 (where 1.22 accounts for non-wage costs).

There are no direct quantified ongoing costs to business.

Non-monetised Costs

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[2] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2024
[3] https://register-of-charities.charitycommission.gov.uk/en/sector-data/sector-overview (extracted on 01/08/2025)

A potential cost of this policy is the time spent by competent and experienced trustees with unspent convictions applying for a waiver. Should their application be unsuccessful, the charity may also lose valuable expertise (and have to spend non-negligible time in recruiting replacements). However, we expect the number of trustees in this situation to be very small and the waiver process is designed to ensure competent trustees can continue in their role. Therefore, given the time cost from applying is likely to be minimal, and we have no data on which to base an estimate of numbers of trustees affected (which we would expect to be very small), this cost has not been monetised.

Costs to the Charity Commission

Familiarisation costs to the Charity Commission

There will also be a direct cost to the Charity Commission in regard to reviewing, updating and dissemination guidance based on changes to sections 178A(1) and 181A(7).

This assessment used the Annual Survey of Hours and Earnings estimate for the median gross hourly wage for "business and public service associate professionals" to proxy for the wage of an employee at the Charity Commission performing the necessary tasks. The wage used for an employee at the Charity Commission is £17.80[4].

The Charity Commission suggested that it would take around two working weeks for four colleagues to produce and disseminate the guidance. This will include changing the wording to sections 178A(1) and 181A(7) and any relevant forms for the charity trustees. Therefore, the familiarisation cost to the CC for reviewing, updating and disseminating the guidance is estimated to be £6,500 based on the following calculation of 75 hours * 4 colleagues * £17.80 * 1.22.

Non-monetised Costs

For automatic disqualification under section 178A(1), individuals can apply to the Charity Commission for a waiver if they are currently a trustee and have an unspent conviction that would automatically disqualify them. Expanding the conditions for automatic disqualification to include hate crimes and the supply of false or misleading information may increase the number of trustees applying for a waiver.

The Charity Commission has suggested that it currently takes one colleague five working days to process a waiver. On average they process 25 waivers annually, costing the Charity Commission around £20,400 per year (37.5 hours * £17.80 * 25 * 1.22).

However, it is not possible to estimate the number of additional waivers the CC may have to process. This is because it is unknown how many trustees have unspent convictions for hate crimes or the supply of false or misleading information, and how many of them would want to

[4] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2024

apply for a waiver. Nevertheless, the CC have estimated that there is unlikely to be a significant increase in the number of additional waivers and therefore this cost has not been monetised.

Summary of Costs

Familiarisation Costs			
To Business			
	Charities affected by regulatory change	£2,601,200 *(£15 per charity)*	
To the CC			
	Charity Commission	£6,500	
TOTAL DIRECT COSTS			**£2,607,700**

Benefits to Business

There are no quantifiable transitional benefits for business.

Annual Benefits to the Charity Commission

Monetisation of Option 0 - Baseline Option

Currently, the Charity Commission uses Condition F under Section 181A to disqualify a trustee for conduct that encourages violence, or racial or religious hatred. This condition requires the Charity Commission to prove that a trustee's past or present actions are damaging to public trust and confidence in charities. As this condition is not specific to extremist conduct, the process of disqualifying a trustee is often time-consuming and costly.

The Charity Commission estimates that, over the past six years, it has issued an average of 21 disqualification orders annually. Of these, an average of 7.5 are related to extremist behaviour among trustees. The disqualification process involves three main stages:

- Preparing the case and serving notice, which takes the legal and administration team approximately 20 working days (150 hours).
- Consideration of representations, which requires 15 working days (112.5 hours) to complete.
- Tribunal appeal, which involves on average 6.25 working days[5] (46.88 hours) preparing for and attending the tribunal hearing.

Overall, each discretionary disqualification case related to extremist conduct costs the Charity Commission 41.25 working days (309.38 hours) in staff time. Therefore, the

[5] The legal and administrative team spend 25 working days on the tribunal appeal, however this only occurs in 25% of the cases.

estimated annual wage cost to the Charity Commission is approximately £50,400 (309.38 hours * 7.5 cases * £17.80 * 1.22).

Monetisation of Option 1 - Secondary Legislation

The benefits are based on the hours saved by the Charity Commission in the process of disqualifying a trustee, this includes both automatic and discretionary disqualifications. This assessment has only monetised the time saved from discretionary disqualifications, and the estimated benefit is presented below.

Discretionary disqualifications are very time and resource intensive for the Charity Commission. They normally occur as part of a wider regulatory action taken by the Charity Commission into concerns about a charity, therefore it is very difficult to neatly differentiate the time spent specifically on a disqualification versus a wider inquiry being conducted into a charity.

Nevertheless, the proposed changes to section 181A will benefit the Charity Commission by strengthening its power to disqualify a person from being a trustee and making the legislation clearer with the introduction of conditions EA and EB. Condition EA allows for disqualification if a person has been deprived of their British citizenship or excluded from the United Kingdom. Condition EB allows for disqualification if a trustee has engaged in conduct that promoted violence, or racial or religious hatred. We expect that disqualification under condition EA will be exceptionally rare, and therefore this assessment only monetises the time saved using condition EB.

There are different processes the Charity Commission must go through to disqualify a trustee. The Charity Commission estimates that the new regulatory changes will help them save time in the preparation of the casework, sending a notice of intent and in the consideration of representations.

The Charity Commission estimates that its management and legal team spend 35 working days building the case to disqualify a trustee, writing up the notice of intention, taking legal advice and considering the representation. They also estimate that using condition EB to disqualify a trustee who promotes violence, or racial or religious hatred, as opposed to condition F, will save them 5 working days or 37.5 hours. On average, the Charity Commission have taken discretionary disqualification action against trustees 7.5 times per year for conduct related to extremism. Therefore, the benefit to the Charity Commission is approximately £6,100 per year (37.5 hours * £17.80 * 7.5 * 1.22).

Non Monetised Benefits

The final stage of the discretionary disqualification process is tribunal appeal, which occurs in roughly 25% of cases. Preparing for and attending these hearings takes approximately 25 working days. While the new regulatory changes are expected to save some time due to the addition of conditions EA and EB, it is difficult to approximate the time saved because each appeal is different and many factors, such as the quality of the appeal, legal involvement, evidence, and complexity need to be considered. Therefore, the benefit has not been monetised.

Automatic disqualification under section 178A(1) is significantly less resource intensive for the Charity Commission. The proposed changes will allow the Charity Commission to automatically disqualify a trustee convicted of a hate crime or supplying false or misleading information where previously they would have had to take action themselves. While this change will save them some time, the benefit has not been monetised because the process is not very resource intensive and the Charity Commission was unable to provide a reliable estimate for the time saved.

Most importantly, the Charity Commission has an objective to promote public trust and confidence in charities (section 14.1 of Charities Act 2011). Therefore, robust legislation is needed in this area to strengthen public trust and confidence in the charity sector. Donors, volunteers, and the public are more likely to support charities when they feel confident that charity trustees are operating with integrity and high ethical standards. Maintaining this public confidence is essential for encouraging the financial support that charities strongly rely upon.

The evidence shows that overall trust in charities has remained consistently high since 2020[6] . However, there has been a downward trend in donations mainly due to affordability, trust in charities and not being interested[7]. This does not disprove the relationship but may suggest that the relationship is stronger in relation to trusting and giving to a specific charity[8]; it is less clear whether this relationship holds in the aggregate. However, even a very small effect on charitable giving would offset the annual cost of this intervention.

The annual net cost of this intervention is estimated to be £0.2m. Donations and legacy payments make up 30.34% of annual charitable income, valued at approximately £28.86bn[9]. The breakeven analysis finds that averting even a 0.0007% fall in yearly charitable donations due to increased public trust would offset the annual costs of the intervention.

Summary of Costs and Benefits

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[6]https://www.gov.uk/government/publications/research-into-public-trust-in-charities-and-research-with-charity-trustees-2025/public-trust-in-charities-2025

[7] https://www.cafonline.org/insights/research/uk-giving-report

[8] https://independentsector.org/wp-content/uploads/2022/07/trust-report-2021-8421.pdf https://independentsector.org/wp-content/uploads/2022/07/trust-report-2021-8421.pdf

[9] This figure represents the total donations and legacy payments made to charities in England and Wales as of September 2025. https://register-of-charities.charitycommission.gov.uk/en/sector-data/sector-overview

The proposed changes give an EANDCB of approximately £0.2m in 2024 prices and a NPSV of -£1.8m over the appraisal period in 2024 prices. Costs and benefits for a single year are shown in the table below.

COSTS			
To Business			
	Charities affected by regulatory change	£2,601,200	
	Charity Commission	£6,500	
TOTAL DIRECT COSTS			**£2,607,700**
BENEFITS			
Annual Benefits			
	Charity Commission gain from 181A(7)	£6,100	
TOTAL DIRECT BENEFITS			**£6,100**

3.0 Risks and unintended consequences

Risks/Assumption	Evidence	Risk	Sensitivity
The policy may not induce the behaviour necessary to realise the benefits.	Individuals may continue to appeal against all disqualification orders, even if they are made under the new conditions. However, we estimate that since the new conditions are easier to prove, Tribunal proceedings would not need to take as much time.	Medium	N/A
Unintended consequences.	Charities already undertake assessment of potential trustees against automatic disqualification offences. Certain trustees may continue to behave in a way that affects public trust	Low	N/A

	and confidence in charities, but the Commission will have powers to tackle this.		
Chilling effects.	Qualified trustees may be deterred from trusteeship due to perceived legal risks or over-zealous application of the new powers. A sensitivity analysis has been carried out to show the potential annual loss of valuable trustee expertise.	Medium	Yes
Incorrect Disqualification	Incorrect disqualification of trustees could cause reputational damage to the Charity Commission and would impose a significant personal cost on the affected individual. However, the risk of this happening is very low. The Charity Commission has to meet 3 statutory tests to use its disqualification power: ● That 1 of 6 conditions is met (we are adding 2 new conditions to this list); ● The person is unfit to be a charity trustee or trustee for a charity; and ● Making the order is desirable in the public interest in order to protect public trust and confidence in charities. Between 2016, when the power was introduced, and March 2024 the Charity Commission made over 160 disqualification orders. It has been highly successful in defending its use of the power and to date all but one disqualification order has been upheld by the Tribunal. The Charity Commission has to have specific regard for its fourth general duty, which concerns best regulatory practice,	Low	N/A

	including that regulatory activities have to be proportionate, accountable, consistent and transparent. Therefore, the Charity Commission uses section 181A robustly yet responsibly and as a result, the risk of incorrect disqualification is very low.		

3.1 Sensitivity Analysis

Chilling Effects

There is a risk that the new legislation could have a chilling effect, deterring qualified individuals from becoming trustees due to the perceived legal risks and the potential costs of the appeal process. This may lead to a loss of valuable expertise among trustees. While there is no reliable estimate on the percentage of potential trustees who might be affected, a sensitivity analysis can be used to model the potential impact based on a low, medium and high deterrent rate.

The Charity Commission estimates that there are approximately 924,700 trustees in England and Wales. Annually, around 129,500 new trustees are appointed, as indicated by the fact that 14% of trustees have served for a year or less[10]. On average, a trustee works 253.76 hours per year. Using the median gross hourly wage for “other Managers and Proprietors” (£16.64), the estimated annual value of one trustee is approximately £5,200 (253.76 hours * £16.64 * 1.22).

The table below presents the sensitivity analysis into the potential scale of the cost of the chilling effect, using a low (0.5%), medium (1%), and high (1.5%) deterrent rate.

Deterrent Rate	**Number of Trustees**	**Value per Trustee**	**Yearly Value of Trustees Lost**
Low - 0.1%	129.5	£5,200	£673,400
Medium - 0.3%	388.5	£5,200	£2,020,200
High - 0.5%	647.5	£5,200	£3,367,000

[10] Our assumption that these are all ‘new’ trustees (and therefore equally vulnerable to being put off due to chilling effects) is a conservative one. It is likely that a significant proportion of these newly-appointed trustees will have prior experience of being a trustee for another charity.

This indicative analysis assumes that the chilling effect results directly in fewer trustees overall (ie. leading to a higher number of unfilled trustee vacancies). Charities are currently facing significant challenges in recruiting and retaining trustees with relevant experience and diversity. Therefore, the number of qualified trustees deterred, and the resulting vacancies, could be on the higher end[11].

In the worst case scenario (0.5% deterrent rate), incorporating this effect leads to an EANDCB of 2.6m and NPSV of -22.5m. It is worth noting the unlikely scale of this impact, which suggests that nearly 650 prospective trustees would be put off by a change which should only directly affect fewer than 10 trustees per year.

It is possible that there could also be a chilling effect on existing trustees, leading them to resign where they otherwise would not do so. We have not attempted to include this in the sensitivity modelling for two reasons:

- Whilst difficult to estimate, this is likely to affect a much smaller proportion of the cohort of current trustees rather than prospective trustees, given current trustees will be already strongly committed to their role, better appraised of its benefits, and less likely to directly personally encounter the disqualification process. We therefore suggest the number who would resign as a consequence of this proposal is likely to be small. There is also an existing level of churn amongst the trustee population, so the additionality of some earlier departures from trustee roles is further reduced.
- The estimate calculated above for the cost of lost potential trustees, given it models a very high impact (650 trustees), can be approximately interpreted to account for lost potential trustees and lost existing trustees, combined. The per-person loss per trustee is the same, whether created through resignation or lack of an application in the first place. The additional cost of lost expertise is not monetised. The costs of new trustee recruitment are not monetised.

4.0 Wider impacts

Small and Micro Business Assessment

The number of small and micro charities operating in the sector is 132,872 (2020/21)[12], representing around eighty percent of all charitable organisations. Therefore, around eighty percent of the familiarisation costs to charities will be borne by small and micro charities.

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[11] This was reported by PBE. (https://pbe.co.uk/publications/taking-skills-on-board/)

[12] https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2024/profile/how-many-voluntary-organisations-are-there/

The proposed changes to small and micro charities will result in an EANDCB of approximately £0.2m (2024 prices) and a NPSV of -£1.5m over the appraisal period. The overall costs for a single year are approximately £2.1m, while the benefits are approximately £6,100.

Due to the nature of the offences being added, which include hate crimes, and the supply of false or misleading information, it is crucial that the conditions apply to all charities. It is also unlikely that there will be a disproportionate cost on small and micro charities.

Innovation Test
We do not anticipate there to be a notable impact on innovation.

Trade Impact
We do not anticipate there to be a notable impact on trade.

Equalities Impact Assessment
A separate equality impact assessment has been conducted, and changes to sections 178A(1) and 181A(7) are expected to have a small positive impact on addressing equality.The changes grant the Charity Commission greater power to disqualify trustees who have committed hate crimes or promoted violence, or racial or religious hatred. By removing such individuals, the policy helps to ensure charities are led by those who uphold values of equality.

Justice Impact Test
We do not anticipate any impact on the justice system.

5.0 Post implementation review

We do not plan to conduct a formal post-implementation review, but we will work with the Charity Commission to understand the impacts of these changes. This will include reviewing the data the Charity Commission collects on how often the new powers are invoked, the outcomes of those cases, and the resources they require in practice.