

Social Justice and Social Security Committee  
Thursday, 27 November 2025  
31<sup>st</sup> Meeting, 2025 (Session 6)

## Note by the Clerk on the Charities Accounts (Scotland) Amendment Regulations 2025 (SSI 2025/341)

### Overview

1. At this meeting, the Committee will consider a negative Scottish Statutory Instrument (SSI), which is subject to annulment by resolution of the Parliament until 19 December 2025. The Committee is invited to consider the instrument and decide what, if any, recommendations to make.

2. More information about the instrument is summarised below:

**Title of instrument:** Charities Accounts (Scotland) Amendment Regulations 2025

**Laid under:** [Charities and Trustee Investment \(Scotland\) Act 2005](#)

**Laid on:** 10 November 2025

**Procedure:** Negative

**Deadline for committee consideration:** 15 December 2025

**Deadline for Chamber consideration:** 19 December 2025

**Commencement:** 1 January 2026

### Procedure

3. Under the negative procedure, an instrument is laid after it is made and is subject to annulment by resolution of the Parliament for a period of 40 days beginning on the day it is laid.
4. Once laid, the instrument is referred to:
  - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and
  - a lead committee, whose remit includes the subject-matter of the instrument, for scrutiny on policy grounds.

5. Any MSP may propose, by motion, that the lead committee recommend annulment of the instrument. If such a motion is lodged, it must be debated at a meeting of the Committee, and the Committee must then report to the Parliament (by the advisory deadline referred to above).
6. If there is no motion recommending annulment, the lead committee is not required to report on the instrument.

## **Delegated Powers and Law Reform Committee consideration**

7. The DPLR Committee considered the instrument on [18 November 2025](#) and reported on it in its [85th Report 2025](#).
8. The Committee made no recommendations in relation to the instrument.

## **Purpose of the instrument**

9. The purpose of these Regulations is to amend The Charities Accounts (Scotland) Regulations 2006 (as amended). The amendments: increase the audit income threshold for charities from £500,000 to £1 million; the changes required to fully implement the Charities (Regulation and Administration) (Scotland) Act 2023, and updates references to include the new Charities Statement of Recommended Practice (SORP), and the SORP relating to further and higher education institutions.
10. The [Policy Note](#) explains the Regulations update the 2006 Regulations to modernize charity accounting requirements and implement provisions of the Charities (Regulation and Administration) (Scotland) Act 2023.
11. The income threshold requiring a statutory audit rises from £500,000 to £1 million, reducing costs for approximately 700 charities. The same threshold applies for consolidated accounts under the Charities SORP. Effective for financial years starting on or after 1 January 2026.
12. The Office of the Scottish Charity Regulator will publish charity trustee names and make all charity accounts publicly accessible.
13. Targeted consultation was undertaken. Impact assessments confirm no adverse effects on businesses or the third sector. The changes are expected to reduce compliance costs and administrative burden.
14. The aim of the amendments is to reduce costs, enhance transparency and ensure alignment with updated accounting practices.
15. The Policy Note accompanying the instrument is included at the Annex. No formal consultation was required to be carried out in relation to these Regulations.

## **Committee consideration**

16. So far, no motion recommending annulment has been lodged.
17. Members are invited to consider the instrument and decide whether there are any points they wish to raise. If there are, options include:
  - seeking further information from the Scottish Government (and/or other stakeholders) through correspondence, and/or
  - inviting the Minister (and/or other stakeholders) to attend the next meeting to give evidence on the instrument.
18. It would then be for the Committee, at the next meeting, to consider the additional information gathered and decide whether to make recommendations in relation to the instrument.
19. If members have no points to raise, the Committee should note the instrument (that is, agree that it has no recommendations to make).
20. However, should a motion recommending annulment be lodged later in the 40-day period, it may be necessary for the Committee to consider the instrument again.

**Clerks to the Committee**  
**November 2025**

## Annex

# POLICY NOTE

## THE CHARITIES ACCOUNTS (SCOTLAND) AMENDMENT REGULATIONS 2025 SSI

2025/341

The above instrument was made in exercise of the powers conferred by sections 44(4) and (5) and 103(2) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act). The instrument is subject to the negative procedure.

### Summary Box

The purpose of this instrument is to make the following amendments to the Charities Accounts (Scotland) Regulations 2006 (as amended) (the 2006 Regulations):

- a) increasing the audit income threshold for charities from £500,000 to £1 million;
- b) changes required to fully implement the Charities (Regulation and Administration) (Scotland) Act 2023 (the 2023 Act); and
- c) updating references to include the new Charities Statement of Recommended Practice (SORP), and the SORP relating to further and higher education institutions.

### Policy Objectives

#### Increasing the audit income threshold

Charities and other stakeholders have called for the audit income threshold – which determines the income level at which charities in Scotland are required to have their accounts audited – to be increased. This is due in large part to higher costs associated with undertaking audit, general auditor availability and lower numbers of auditors specialising in charity accounting.

Following engagement with the charity sector, the Cabinet Secretary for Social Justice agreed that the threshold should be increased from £500,000 to £1 million. It should be noted that there are other reasons why a charity may have to have audited accounts, such as a requirement of the charity's constitution or of a funder. The income threshold for the requirement to prepare consolidated accounts in accordance with the SORP has also been increased from £500,000 to £1 million. These changes will apply to accounts covering financial years beginning on or after 1 January 2026.

### Fully implementing the Charities (Regulation and Administration) (Scotland) Act 2023

Changes to the 2006 Regulations are required to ensure the third and final set of commencement regulations for the 2023 Act can be brought forward.

At present, the Office of the Scottish Charity Regulator (OSCR) is required to publish either the principal office of the charity or the name and address of one of the charity trustees as part of the charity's entry in the Scottish Charity Register (the Register). A charity can apply to OSCR, by way of section 3(4) of the 2005 Act, to request a dispensation from publishing that information if doing so is likely to jeopardise the safety or security of any person or premises.

The third set of commencement regulations will commence provisions of the 2023 Act that will require, by way of amendment of the 2005 Act, publication of charity trustee names as part of the charity's entry in the Register. Further provisions to be commenced will also require OSCR to make all charity accounts publicly available, which OSCR intend to do by linking from the charity's entry in the Register. As a result, the 2023 Act extends the current section 3(4) dispensation mechanism to all charity trustees names, and not just the primary contact or principal office. This instrument further provides that charities are not required to include any details in their statement of account that are subject to a section 3(4) dispensation or the newly created dispensation concerning those who are not charity trustees, as discussed below.

There are requirements for charity accounts in certain circumstances to include information about other people – for example, where there has been remuneration paid to a person connected to a charity trustee, or where there has been a transaction between a charity trustee and a person connected to them. A new dispensation mechanism (a “safety and security dispensation”) is created to ensure a charity can apply to OSCR for a dispensation in relation to any other information that is required for the accounts if there is a safety or security concern for any person or premises.

### Updating references to accounting standards

References in the 2006 Regulations to accounting standards relating to preparation of charity accounts are required to be updated. This is due to the SORPs<sup>1</sup> for both the charity sector and further and higher education sector being revised in 2025. These changes will apply to accounts covering financial years beginning on or after 1 January 2026. Accounts covering earlier financial years are to use earlier versions of the appropriate SORP.

### **UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility**

The Scottish Ministers have made the following statement regarding children's rights:

---

<sup>1</sup> <https://www.frc.org.uk/library/standards-codes-policy/accounting-and-reporting/uk-accounting-standards/sorps/>

“In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 (the Act), the Scottish Ministers certify that, in their view, the Charities Accounts (Scotland) Amendment Regulations 2025 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.”

## **EU Alignment Consideration**

This instrument is not relevant to the Scottish Government’s policy to maintain alignment with the EU.

## **Consultation**

There is no statutory requirement to consult on this instrument. However, targeted consultation with key stakeholders, including OSCR, on the audit income threshold has been carried out. The new SORP has been publicly consulted on by the SORP making body<sup>2</sup>. In addition, the 2023 Act amendments were consulted on before and during its parliamentary passage.

## **Impact Assessments**

Consideration was given to all types of impact assessment, and the appropriate pre-screening was undertaken. As a result it was determined that only a Business and Regulatory Impact Assessment and Child Rights and Wellbeing Impact Assessment were required. These have been completed and are attached.

The decision was made not to carry out an Island Communities Impact Assessment following a screening exercise that determined this instrument should not have an effect on charities operating in island communities significantly different from those operating in other communities in Scotland.

The screening exercise identified that according to OSCR’s data up to 30 of the approximately 1,250 charities based in island communities currently have an income equal to or greater than £500,000 but less than £1 million. Increasing the audit income threshold should benefit these charities by reducing their accounting expenses.

## **Financial Effects**

A Business and Regulatory Impact Assessment has been completed and is attached. The Scottish Government does not believe this instrument will have an adverse impact on businesses or the third sector within Scotland, the UK, or elsewhere in Europe or the rest of the world.

There are no expected costs to charities and charity trustees. It is hoped that the increased audit income threshold will mean reduced costs for the approximately 700

---

<sup>2</sup> <https://www.charityscorp.org/sorp-making-body>

charities whose income is between £500,000 and £1 million through undertaking independent examination rather than audit. It is hoped there will also be reduced time for charities to prepare for independent examination instead of an audit.

There will be some time involved for accountants, auditors and independent examiners to review the updated legislation and OSCR guidance. However practically the changes made are not substantial and it is standard practice for this sector to continuously prepare for modified rules and requirements as part of their role.

Decisions made by OSCR on the new safety and security dispensation mechanism can be reviewed internally and then appealed to the First-tier Tribunal under the appeal mechanism described at Chapter 10 of Part 1 of the 2005 Act. Consideration was given to the likely impact on the Scottish Courts and Tribunal Service (SCTS).

The existing dispensation mechanism under section 3(4) of the 2005 Act for charity trustees has the same review and appeal process, and in the 20 years it has been in place, no appeals have been made to the First-tier Tribunal about decisions made under that mechanism. As the new mechanism relates to other information that is only required in certain circumstances in charity accounts, it is not anticipated that the mechanism will be frequently used. Therefore, it is anticipated that the impact on SCTS will be nil or minimal.

Scottish Government  
Tackling Child Poverty and Social Justice Directorate

*November 2025*