
The Charities (Annual Return) (Common Investment Funds and Charity Authorised Investment Funds) Regulations 2015; Accounting guidance for charities – accruals accounts packs for smaller charities; Charities and Litigation: a guide for trustees (CC38).

Charity Commission - Cabinet Office

RPC rating: validated

This Opinion covers three small measures; for each, a brief description of the change, its impacts (as set out in the IA) and the quality of the submission is given in the table below. All three have Equivalent Annual Net Direct Costs to Business (EANDCB) that round to zero.

Opinion: EANDCB validation
Origin: domestic
RPC reference number: 4123 - 4125
Date of implementation: see table

Measure	Description	Impact	Quality of submission
The Charities (Annual Return) (Common Investment Funds and Charity Authorised Investment Funds) Regulations 2015	Certain charities must submit annual returns on their investment funds; the Commission specifies the detailed requirement each year. The 2015 specification included for the first time a requirement to report on Charity Authorised Investment Funds (CAIFs), a new form of investment fund launched in the 2015 Budget.	The regulator estimates that around 100 charities are affected in total; CAIFs are affected in principle, but none have been formed as yet. For these charities, no significant additional regulatory requirements are foreseen, as the familiarisation cost associated with the altered requirement is negligible.	The submission is extremely brief, but explains proportionately why the costs of the change will be very small, given the small number of charities affected and the fact that there are no CAIFs on which to report. The RPC notes that it is likely that a very small number of organisations will be affected even when CAIFs develop.

Opinion: EANDCB validation
 Origin: domestic
 RPC reference number: 4123 - 4125
 Date of implementation: see table

Measure	Description	Impact	Quality of submission
Accounting guidance for charities – accruals accounts packs for smaller charities	All charities must submit annual accounts to the Charity Commission, and charities with an annual income that exceeds £250,000 must submit accruals accounts. Accounting standards for accruals accounts have changed (in January 2015) and in response the regulator has produced revised packs of guidance and templates to help smaller charities (those with income below £500,000) produce accurate accounts. Charities may use the packs, but are not required to do so, so the change is permissive.	The regulator estimates that up to 40,000 charities could choose to use the packs. It also notes that there have been around 23,000 unique page views of the packs on its website and that anecdotal evidence from charities suggests that they find the packs helpful. It also suggests that the quality of accounts is improved by using the packs. However, it argues that it is not able proportionately to obtain evidence about the time savings it expects as a result of using the packs or take-up rates for the packs. As a result it argues that the change is permissive and estimates the EANDCB at zero.	The submission is brief and clear. The RPC accepts the regulator’s argument that more detailed evidence around time savings could not be obtained proportionately, and on this basis validates the EANDCB (of zero) presented.

Opinion: EANDCB validation
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Measure	Description	Impact	Quality of submission
Charities and Litigation: a guide for trustees (CC38)	The Charity Commission has published guidance setting out the risks, issues and changes associated with legal action for charities.	All charities in England and Wales are in principle affected by the guidance. However, the regulator estimates that there were around 40 cases involving legal action by charities in the period 2015-17, and argues that trustees are unlikely to read the guidance until it becomes applicable to them. For this reason, it estimates that the costs and benefits to business of reading and applying the guidance are likely to be negligible overall.	The submission is brief and clear. The assumption that – because a very small number of charities are affected – the monetisable impacts will round to zero overall seems reasonable and the RPC is able to validate the EANDCB (of zero) presented. We note, however, that in some cases the impact of the guidance could be considerable.

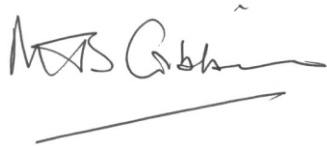
Departmental assessment

Classification	All Qualifying regulatory provisions
Equivalent annual net direct cost to business (EANDCB)	All £0.0 million
Business net present value	All £0.0 million

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RPC assessment

Classification	All Qualifying Regulatory Provisions
EANCB – RPC validated ¹	All £0.0 million
Business Impact Target (BIT) Score ¹	All £0.0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.