



Legal and Regulatory Update

February 2026

Welcome to our first Legal and Regulatory Update of 2026.

This edition focuses on a number of significant regulatory and legal changes taking effect during 2026, together with some governance matters, which will require active consideration by trustees in the coming weeks and months.

Key topics include: important updates to the Scottish Charity Register, cyber security, changes to charity accounts, the Employment Rights Act 2025, the new soft “opt-in” for charities, and a resource to help charities review their governing document.

This update is intended to help charities assess the impact of these changes and decide what action, if any, is required. If you require any further advice or support in relation to these matters, please do get in touch. You are also welcome to share this update with colleagues or any contacts who may find it helpful.

Date Announced: Publication of Additional Information on the Scottish Charity Register

On 9th March 2026 the final set of changes resulting from the Charities (Regulation and Administration) (Scotland) Act 2023 will be introduced.

From 9th March, the following information will be published on the Scottish Charity Register:

- The first and last names of all charity trustees will be displayed on the charity’s Register entry (no other personal information will be published).
- Every accounts document submitted to The Scottish Charity Regulator (OSCR) as part of a charity’s online annual return will be published in full, without any redactions.
- Additional information will also be published, which is already collected as part of the online annual return, as follows:
 - A description of what the charity is set up to do and how it does this – in the charity’s own words
 - The number of staff
 - The number of charity trustees
 - The number of volunteers

Recommended Actions for Charity Trustees:

- Ensure all trustee information has been submitted to OSCR and is up-to-date.

- Ensure existing and new trustees are aware that OSCR will publish their names, and that an exemption can be applied for (usually if publication would compromise that individuals safety or security).
- Think carefully about the information that is published in the accounts and the extend to which such information is necessarily to include.

You can read the full OSCR article here: [OSCR | More information to appear on the Scottish Charity Register from 9 March 2026](#)

Cyber Security

Mitigating the risk and impact of a cyber attack should be a priority for all organisations, including charities. Many third sector organisations operate under significant pressure on time and resources, which can leave them particularly vulnerable to cyber risks where cyber security is pushed down the list of competing priorities. However, many commentators now agree that cyber resilience is no longer about planning for if an attack happens, but planning for when it happens.

Ultimately, responsibility for cyber risk sits with the trustees. Cyber security should be treated as a live governance issue, requiring ongoing oversight rather than a one-off technical exercise or delegated operational matter.

Cyber risk should therefore feature prominently on most charities' risk registers. Trustees are reminded that failing to identify, address and plan for this risk may also amount to a failure to meet their statutory duties, particularly the duty to act with due care and diligence. Just as trustees would not knowingly leave a charity's physical premises or assets vulnerable to theft or destruction, they should take reasonable steps to protect the charity's digital systems, data and online services.

CyberScotland Week 2026 takes place from 23rd to 28th February 2026 and brings together events, webinars and practical resources aimed at improving cyber awareness and resilience across Scotland. Trustees and senior staff are encouraged to engage with this initiative as a practical starting point.

You can view all online and in-person events running during CyberScotland Week 2026 here: [CyberScotland Week - Cyber Scotland](#)

We recommend that a good place to start on your charity's cyber resilience journey is by visiting [SCVO's Cyber Resilience page](#). This brings together a range of practical resources and signposts to other organisations that can provide support and advice.

SCVO has also recently developed an [easy-to-use Cyber Incident Plan Template](#), designed to help smaller third sector organisations think through how they would respond to a cyber incident and to put sensible arrangements in place in advance.

In addition, the [National Cyber Security Centre \(NCSC\)](#) provides a wide range of free toolkits, resources and guidance specifically aimed at small and medium-sized organisations, which charities may find particularly helpful.

Charity Accounts: Change to Audit Thresholds (Scotland)

The audit income threshold for charities registered in Scotland has increased from £500,000 to £1 million.

The new threshold applies to accounting periods beginning on or after 1 January 2026.

This change is made by The Charities Accounts (Scotland) Amendment Regulations 2025 and aligns with the introduction of Charities SORP 2026.

There has been no change to the gross asset threshold for audit, which remains at £3.26 million.

As a result, some charities* with income between £500,000 and £1 million may now be eligible for independent examination instead of a statutory audit, provided no other requirements apply.

Charities that may benefit from the increased audit threshold are reminded to carefully check the following:

- **Governing document requirements**
Some constitutions require an audit regardless of income level. If this is the case, an audit must still be undertaken unless the governing document is formally amended.
We can assist with making these changes where appropriate.
- **Funding and grant conditions**
Some grant agreements and funding contracts require audited accounts. These requirements continue to apply regardless of changes to the statutory audit threshold and must still be complied with.

* Charities which are also registered with the Financial Conduct Authority (FCA) as registered societies (including community benefit societies) are not covered by the Scottish charity audit threshold changes. For these organisations, audit requirements are set by FCA legislation and rules.

Charity Accounts: Changes to the Charities SORP – What Trustees Need to Know

The Charities Statement of Recommended Practice (SORP) has been updated, with the new requirements applying to accounting periods beginning on or after 1 January 2026.

The SORP is the accounting and reporting framework that some charities must follow when preparing their accounts.

The SORP only applies to charities that prepare accrual (fully accrued) accounts. Charities that prepare receipts and payments accounts are not affected by the new SORP requirements.

What is changing?

Some of the changes introduced by the new SORP are technical accounting changes, particularly in relation to:

- **Lease accounting** - most operating leases will now be recorded on the balance sheet instead of being expensed off-book; and
- **Income recognition** - a new five-step model will govern when and how charities recognise revenue from grants, contracts, and other income streams.

These technical changes will largely be dealt with by professional advisers in practice, however trustees should be aware of them.

A summary of all of the changes can be viewed here: [summary-of-changes-sorp-2026-pdf](#)

What matters most for trustees?

For trustees, the most significant changes relate to the information that must be included in the Trustees' Annual Report (TAR).

Under the updated Charities SORP, TAR requirements are tiered by income, with expectations increasing as charity income grows. Rather than focusing on technical disclosure rules, trustees should understand the core questions they are expected to answer at each tier.

Tier 1 (income up to £500,000)

Trustees should be able to explain, in plain language:

- What the charity exists to do and who it helps
- What activities were carried out during the year
- How the charity is governed and managed
- How the charity is funded and how resources are used

Tier 2 (income between £500,000 and £15 million)

In addition to Tier 1 matters, trustees should be able to explain:

- Key risks and uncertainties, including cyber and digital risks
- How activities deliver public benefit and impact
- The charity's reserves policy and financial resilience
- Going concern considerations and future plans
- The role and contribution of volunteers
- The significance of legacies, where relevant

Tier 3 – (income over £15 million)

In addition to Tier 1 and Tier 2 matters, trustees should be able to articulate:

- How the charity measures and reports impact at scale
- Long-term financial and operational sustainability
- How governance, risk management and internal controls operate in practice
- How strategic risks (including cyber security treats) are identified and managed
- How stakeholder interests are considered and balanced
- How they are addressing Environmental, Social, and Governance (ESG) matters

Recommended Actions for Charity Trustees

Trustees are encouraged to:

1. Establish whether the charity prepares accrual accounts or receipts and payments accounts, and therefore whether the new SORP applies.
2. If SORP applies, confirm which SORP tier the charity falls into and what this means for reporting obligations.
3. Identify any gaps in current reporting and consider how these will be addressed, particularly within the Trustees' Annual Report.
4. Seek guidance from a charity accountant, if needed.

Regulators and professional bodies are also providing guidance to help with the transition.

OSCR offers a webinar on the new Charities SORP which can be accessed here: [OSCR | Webinar: Introducing the Charities SORP 2026](#)

The full text of the Charities SORP 2026 can be access here: [charities-sorp-2026-1](#)

The Employment Rights Act 2025

Charities which are employers should be ensuring that they are familiar with, and are prepared for changes that are being phased in under the Employment Rights Act 2025.

The Act represents a significant programme of reform to UK employment law.

Key changes include new day-one rights to paternity leave and unpaid parental leave, reforms to Statutory Sick Pay, strengthened protections for trade union activity and whistleblowing, and a significant reduction in the qualifying period for unfair dismissal claims from two years to six months, expected to take effect in 2027.

Up-to-date information and further guidance as to what employers should be doing now as changes are phased in during 2026-2027 is available from Acas here: [Employment Rights Act 2025 - Acas](#)

Data (Use and Access) Act 2025 - New charitable 'soft opt-in' now in force

Effective from 5th February 2026, legislative amendments permit charities to utilise a new “charitable purpose soft opt-in” when distributing fundraising or supporter emails and texts. This provision, introduced by the Data (Use and Access) Act 2025, updates electronic marketing regulations to allow charities, under specific circumstances, to contact individuals who have shown interest in or supported the organisation without explicit consent, provided a transparent opt-out option is available at the point of data collection and included with every communication. Trustees are advised to review mailing protocols, privacy statements, and opt-out mechanisms prior to implementing this provision.

To assist with preparations, please consult the ICO guidance available at: [What can we do to prepare for the charitable purpose soft opt-in? | ICO](#)

The ICO has yet to release its official guidance for charities regarding the application of the soft opt-in. Charities are recommended to await this guidance before proceeding with use.

A New Year's (Special) Resolution? - Practical Resource to Review your Charity's Governing Document

We have developed a practical resource to support charities in carrying out a periodic review of their governing document.

A charity's governing document is its key constitutional document. It sets out the charity's purposes, rules, management structure, and decision-making procedures. Depending on the charity's legal form, it may be called a Constitution, Articles of Association, Trust Deed, Rules, or Bye-laws.

The Office of the Scottish Charity Regulator (OSCR) asks charities, as part of their annual return, to confirm when the governing document was last considered. This highlights the importance of having a clear and regular process for reviewing this document.

To support this, we have developed a Governing Document Review Template.

The template is designed to help trustees:

- understand their current governing document;
- consider whether it remains fit for purpose; and
- evidence that a structured review has taken place.

In many cases, following a review, no further action will be required. However, trustees will have gained a clearer understanding of their governing document, and the completed template can be retained as a formal record that the review was undertaken.

In other cases, the review may identify areas where changes are needed. Where this is the case, we would strongly advise trustees to seek appropriate professional advice to ensure that:

- any proposed changes are suitable and necessary; and
- the correct legal and regulatory procedures are followed when making amendments.

You can access the review template here: [SBCL-charity-governing-document-review-form](#)

Get in Touch

If you would like to discuss how these changes affect your organisation, or would value tailored advice or trustee training, please contact us at: info@sarahbrowncharitylaw.com or by telephone on: 07947 159 558

For more information about Sarah Brown Charity Law WS and our Services please visit us at sarahbrowncharitylaw.com

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