

SORP COMMITTEE 16 February 2021

PAPER 2 – Setting the scene for discussion

1 Introduction

This is the first of two Committee meetings in February designed to conclude the exploration phase of the new SORP development process. Each meeting will focus on issues from a particular user perspective and consider the feedback from the engagement strands on that user perspective along with other relevant research that the Committee looked at through the three meetings in November. The aim is to settle on the key issues and topics that we will take forward into the reflection stage, recognising that it may not be possible to take forward all points in this development exercise.

In this meeting, we will be focusing on the user of charity annual reports and accounts and in our second meeting, our attention will turn to the user of the SORP, the preparers of charity annual reports and accounts.

2 Users of charity accounts

From the outset in this new SORP development process, we have indicated our intention to examine the needs of both users of charity accounts and users of the SORP recognising that many of their needs will overlap. We want charity accounts to be more helpful and useful to those reading them and this means that we need to have a framework that is sensible and meaningful for charities and the users of accounts whilst meeting the requirements of accounting standards.

3 Engagement feedback

Following on from the interim feedback provided by the engagement strand convenors on 17 November, each convenor has since produced a final report on their work within exploration phase and has prioritised a small number of issues that their strand see as the most critical ones to be taken forward. There is a large degree of commonality between the engagement strands with many of those key issues, albeit there are some different perspectives. Paper 3 provides the detail of the issues that the strands have identified as requiring further consideration as well as their key priorities for attention. The paper was developed based on the reports from the engagement strand convenors and a discussion with all convenors to identify their key priorities.

As part of the engagement work conducted so far, there have been some research exercises initiated by some strands. Not all of this work is complete yet so full results are not available for consideration by the strands or indeed the Committee but once these are available, these will be shared to support further consideration of issues being taken forward.

4 Research

In the three research meetings held during November, some presentations considered the perspectives of the users of accounts. Notes of these meetings were circulated to Committee members as part of the papers for the December meeting. There were two presentations that specifically considered user perspectives.

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On 9 November, a presentation was received from PwC on their Building Public Trust Awards. We heard how the awards consider public sentiment and what is important to the public, with main reporting themes being:

- Charitable purpose and clarity
- Alignment of strategy, purpose and achievements
- Demonstration of a link between vision, strategy and values
- Measuring success and outputs
- Valuing impact

On 13 November, we heard from OSCAR and CCEW as to the results of their most recent surveys of the public. OSCAR's survey found that the key factors to increase trust were around accountability and transparency, seeing the work that has been done with money donated, seeing how much is spent on administration and being open about what the charity is doing. CCEW's survey identified similar issues that are important for public trust in charities. The issue of charity CEO pay was again brought to the fore too. Our reflections at that time in terms of the impact for the SORP were summed up as *'there should be no numbers without a story and no story without numbers'*.

5 Committee discussions to date

At our December meeting, Committee members each set out their top three topics or conclusions from the exploration stage based on thoughts and materials reviewed at that point. The minutes of that meeting will provide a reminder of the thoughts expressed. Amongst others, there were common themes emerging around:

- Thinking small first
- Tiered requirements
- Support required for charities to prepare SORP accounts
- How emerging issues such as environmental and diversity are dealt with
- Reporting of expenditure

6 Our aim for today

We now need to consider all feedback received so far and relevant research presentations and decide on the key topic areas that we want to move forward with in the next phase. To help us do that, paper 3 provides a comprehensive readout of the engagement strand conclusions and priorities to support identification of the detail of the topics or areas (as far as possible) that we want to take forward.

We should aim to have some firm conclusions from our discussion today although given some of the issues may cross-over with the user of the SORP (preparers of accounts) perspective that we will look at in the next meeting, some of these may be considered further at that time.