

Report to the Charity Commission for
England and Wales

Rethinking Risk: Recommendations for a CC26 Refresh

June 2026



Produced by:



Contents

- About this report2
- What we heard3
- Executive Summary4
- Background and context.....5
 - The UK charity sector in 2026.....5
 - CC26: What it is and why it’s time for a refresh5
 - Why this research was commissioned.....6
- Part 1: What the research found7
 - Overview.....7
 - Finding 1: The sector is already ‘doing’ risk management, mostly without formal tools7
 - Finding 2: Where formal tools exist, they are objects of compliance instead of decision aids.....7
 - Finding 3: Reaching those responsible for governance: variations in awareness and application8
 - Finding 4: An organisation’s risk culture has a real impact9
 - Finding 5: Risk complexity is driven by more than income and size 10
 - Finding 6: The funder relationship is a structural barrier to genuine risk management..... 11
- Part 2: Recommendations 12
 - Recommendation 1: Reframe the purpose of CC26 from compliance tool to decision aid 12
 - Recommendation 2: Support a risk profile tool to help organisations understand their risk position 13
 - Recommendation 3: Introduce an objective-centric approach to improve decision-making 14
 - Recommendation 4: Address the funder dynamic..... 16
- Part 3: Further ways the Charity Commission can support the sector..... 17
 - The sector wants practical resources, not more documents 17
 - The sector wants the Commission to reach trustees, not just CEOs..... 18
 - The sector wants guidance that reduces burden, not adds to it..... 18
- Conclusion 19
- Acknowledgements and contacts..... 19

About this report

Objective

This report presents evidence-based recommendations for a substantive refresh of CC26, the Charity Commission's guidance on risk management for charities in England and Wales. The guidance was last published in June 2010, and while its format was updated in 2017, its substance has not kept pace with fifteen years of significant change in the sector's size, operating environment, regulatory complexity, or understanding of what effective risk management looks like in practice.

The report seeks to do three things: (1) provide context about the sector that CC26 is designed to serve; (2) present clear and direct findings from a primary research programme conducted in early 2026; and (3) offer four evidence-based recommendations that, taken together, would make a refreshed CC26 meaningfully more useful to the charities and trustees who need it most.

Methodology

The findings in this report are drawn from two complementary research streams conducted between January and March 2026. The first was a structured, sector-wide survey written by CFG and The Risk Collaborative, and distributed by the Charity Commission. It received 309 valid responses from charity trustees, chairs, chief executives, and senior staff across England and Wales.

Respondents represented charities of all income sizes, from micro-organisations with income under £10,000 to super-major organisations with income over £100 million, and across a broad range of charitable purposes. The survey covered current risk management practices, familiarity with and views on CC26, organisational culture and decision-making, funder relationships, and the resources and support the sector would find most useful.

The findings of the survey were later supplemented with a programme of nine roundtable discussions organised by The Risk Collaborative and Charity Finance Group. Conducted on a non-attributable basis in March 2026, 45 charity leaders took part. These included trustees, chairs, chief executives, finance directors, risk and governance professionals, and sector infrastructure representatives. Participants reflected the diversity of charity sizes, types, geographies, and governance contexts.

The purpose of the roundtable discussions was to draw out and explore themes from the survey results and to provide further qualitative data. All verbatim quotations in this report are drawn from these roundtables and from open-text survey responses.

About the authors

This report was produced by The Risk Collaborative and the Charity Finance Group as part of a joint collaborative approach convened in partnership with the Charity Commission. Sabrina M. Segal, Director of The Risk Collaborative, is the lead researcher and author.

The Charity Finance Group (CFG) is the membership body that champions best practice in charity finance, helping charities and social enterprises to manage their finances effectively.

The Risk Collaborative is a nonprofit initiative dedicated to transforming risk management in the third sector. The Risk Collaborative is currently incubated by CFG.

What we heard

The quotations below are drawn directly from survey respondents and roundtable participants. Some are representative of themes that recurred across both research streams and are included here before the findings and recommendations, so that the Commission can hear a variety of voices from the sector at the outset.

"Risk management in a very small charity is very different to the process I was involved in strategically in a massive organisation during my working life." — Trustee, income under £100k

"I find the risk guidance tends to make colleagues on the board think they have to fill in a form and job done. I don't feel it helps us establish dialogue about how we make decisions." — Trustee, income under £100k

"We don't often explicitly talk about 'risk' when looking at new projects, but we have a culture of open conversations as trustees and a good relationship with management, which naturally leads us to explore these issues when planning new activities." — Trustee, income £100k-£1m

"Risk was hidden in the complexities of compliance. A risk register alone wouldn't have foreseen the risks that were created. Risk registers often provide a tick-box mentality. They don't facilitate meaningful conversation about strategic risk." — Trustee, income £1m-£10m

"We used to treat risk management as a compliance exercise. We're trying to link it more closely to strategy and governance." — Senior management, income £1m-£10m

"Linking risk to strategic objectives is important — the question we focus on is what might prevent us from achieving the objective — so the risk register is not just a tabulation of what might go wrong." — Trustee, £1m-£10m

"A key challenge has been a tendency for some directors to manage reputational perceptions around their departments, which can create reluctance to openly share emerging risks. This can delay escalation and reduce early cross-functional discussion, even when risks have been identified." — Senior manager, income £10m-£100m

"Any new approach should not be about more or different documents. Would love to see risk management move beyond risk registers and risk scoring." — Senior management, £10m-£100m

"Often the individuals we're dealing with at funders have limited actual understanding of the risks, or of why they require certain information. Frequently it feels like a 'computer says no' discussion rather than a sensible conversation about risk or compliance." — Senior management, income over £100m

Executive Summary

CC26, the Charity Commission's guidance on risk management, was last updated in 2017. The sector it was written for has changed profoundly in the almost ten years since. It is more financially pressured, more digitally exposed, more heavily regulated, and significantly more sophisticated in its understanding of what good governance requires.

This report presents the findings of a primary research programme conducted by The Risk Collaborative and the Charity Finance Group between January and March 2026, comprising a sector-wide survey of 309 respondents and nine roundtable discussions with approximately 46 participants. The research draws on the voices of trustees, chairs, chief executives, finance directors, and risk professionals from charities across the full income spectrum. It is the most comprehensive empirical evidence base assembled for a CC26 refresh to date.

The central finding of the research is not that the sector lacks risk awareness. Most charities already engage in meaningful risk thinking, but do so without any formal tools. Where formal tools do exist, they are frequently compliance tasks rather than decision aids (e.g., risk registers maintained for funders rather than used by boards), a pattern confirmed by respondents across all income bands and organisational types.

Risk culture is an important element of the findings, and the gap between expressed openness to challenge and actual provision for structured challenge is 34 percentage points. An organisation's risk culture is as important a determinant of good risk practice as any tool or process.

Further, the research showed that CC26 is not reaching all those responsible for governance. Only 31% of chairs are familiar with it, compared with 70% of chief executives. A majority of those unfamiliar with CC26 did not know the Commission provided risk guidance.

The report makes four recommendations. First, the updated CC26 should be framed as a decision-making aid, rather than a compliance tool, adopting the ISO 31000 definition of risk as the effect of uncertainty on objectives and using language that validates the risk thinking already happening across the sector.

Second, a risk profiling self-assessment tool should replace income-based tiering, enabling charities to identify the level of guidance relevant to their actual risk environment across six dimensions.

Third, the substantive guidance within each category should be structured around five objective-centred practices, from connecting risk to objectives through to speaking up and challenging assumptions.

Fourth, CC26 should directly address the funder relationship, introduce the concept of risk-sharing, and give charities practical language to initiate conversations they currently feel unable to start.

Part Three of the report presents a further set of evidence-based observations about what the sector is asking of the Commission more broadly: practical resources rather than more documents, direct communication with trustees rather than only with executives, and guidance designed explicitly to reduce burden rather than add to it. These are not formal recommendations about CC26 itself, but they will determine whether any refresh has a lasting impact.

Background and context

The UK charity sector in 2026

The UK is home to approximately 170,000 registered charities in England and Wales, with further charitable organisations registered in Scotland and Northern Ireland under separate regulatory frameworks. It is not unusual for charities in other jurisdictions to view Charity Commission guidance as useful and supportive in the absence of content from their own regulators. Together, these charities employ more than 1.2 million people, engage nearly 6.5 million volunteers, and hold over 922,000 trustee positions. Total sector income in 2023–24 was approximately £96 billion.

That headline number conceals an extraordinary degree of concentration. Most of the sector’s resources are held by a tiny minority of its organisations. Charities with income above £5 million represent roughly 1.3% of registered charities but account for approximately 75% of total income and expenditure. At the other end, charities with income below £100,000 make up around 80% of organisations but account for only 3–4% of sector income. In between sits a significant middle group: roughly 16% of organisations with income between £100,000 and £1 million, accounting for about 13% of income.

This distribution matters profoundly for risk management guidance. A super-major charity with income above £100 million operates with professional risk functions and access to resources such as internal audit, dedicated compliance teams, and governance infrastructure that would be unrecognisable to the volunteer-run food bank or village hall committee that constitutes the typical registered charity by count. Both are subject to CC26. Both deserve guidance suitable for their specific situations.

The sector is also under significant and growing financial pressure. NCVO’s Road Ahead 2025 report describes a “big squeeze” facing the voluntary sector, with funding falling, costs rising, demand for services increasing, and the public’s own financial pressures reducing individual giving. Changes to employer National Insurance Contributions announced in Autumn 2024 and effective from April 2025 represent an estimated additional £1.4 billion burden on the sector. Grant applications to foundations have surged by 30–50% in some cases as organisations seek to replace reduced statutory funding. Against this backdrop, the appetite for additional administrative and governance burdens is low, and trustees who feel overwhelmed by existing requirements are not receptive to new guidance, however well-intentioned.

This context is not incidental to the CC26 refresh. It is the environment in which any refreshed guidance will be received, used, or ignored.

CC26: What it is and why it’s time for a refresh

‘Charities and Risk Management (CC26)’, is the Charity Commission’s guidance for trustees on identifying, assessing, and managing risk. It was published in June 2010 and updated in 2017. Since then, the sector has changed profoundly.

The safeguarding landscape has been transformed by a series of high-profile charity failures and consequent regulatory responses. Cyber risk, data protection obligations under the UK GDPR, and digital fundraising at scale were still in their development phases in 2017. The economic environment has been reshaped by austerity, a global pandemic, a cost-of-living crisis, and a fundamental shift in the public funding landscape.

The risk management field itself has also moved significantly. ISO 31000, the international standard for risk management, defines risk as “the effect of uncertainty on objectives”. This approach explicitly includes both

opportunities and threats and connects risk management to performance rather than compliance. The 2026 update to the COSO Enterprise Risk Management framework, one of the most widely adopted ERM standards globally, also makes the same argument explicitly: that many risk programmes produce outputs, but far fewer improve decisions, and that heavy artefact production (e.g., risk registers, heat maps, and risk and control self-assessments) often consumes significant effort without affecting choices or triggering action.

COSO's practical test for any risk work product is whether it improves a decision, accelerates execution, or clarifies what changes when conditions change. In addition to the changing operating environment, SORP 2026, the updated Charities Statement of Recommended Practice, came into effect for accounting periods starting on or after 1 January 2026. Both the SORP and CC26 are arriving simultaneously, and a coherent response to that arrival matters: where SORP 2026 sets out what charities must report about risk in their Trustees' Annual Report, CC26 should explain what risk management involves. The two documents should reinforce each other.

CC26 also sits within a wider legal framework that gives it both its authority and its purpose. The six core trustee duties set out in 'CC3: The Essential Trustee' establish what trustees are legally required to do. Of these, three are directly engaged by risk management:

- The duty to manage resources responsibly (sometimes called the Duty of Prudence), which requires trustees to avoid exposing a charity's assets, beneficiaries, or reputation to undue risk;
- The duty to act in the best interests of the charity's purpose, which requires trustees to make decisions in furtherance of charitable purpose rather than in response to funder or regulatory pressure alone; and
- The duty to act with reasonable care and skill, which requires trustees to apply sound judgment to decisions under uncertainty.

A refreshed CC26 can make this connection explicit and help trustees understand that good risk management is not an add-on to their legal obligations, but a direct expression of those obligations.

Why this research was commissioned

The working group, convened by CFG's chief executive with the Charity Commission, and led on the research side by The Risk Collaborative, identified a clear gap. There was no recent, sector-wide empirical evidence on how charities actually manage risk, the barriers they face, the role CC26 plays in their practice, and what they would find genuinely useful. With that evidence, there is an opportunity to shape and refresh guidance informed by the sector's own testimony.

The research programme was designed to do that. The survey and roundtables were not designed to evaluate existing CC26 per se. Instead, they were designed to understand risk management as it is practised across the full range of UK charities, to identify where the current guidance is and is not useful, and to surface the evidence base for a genuinely different approach.

The result is a set of findings and recommendations grounded not only in professional consensus on what good risk management should look like, but also in what the sector has said, in its own words, would practically help.

Part 1: What the research found

Overview

309 people responded to the survey, representing charities across all income bands, a broad range of charitable purposes, and respondents from all four UK nations. Two-thirds of respondents were board members (trustees or chairs), making this dataset unusual in its representation of the governance perspective that CC26 is designed to align with. Nine roundtable sessions with approximately 46 participants provided the qualitative evidence that anchors and contextualises the quantitative data. The findings below draw on both.

Finding 1: The sector is already ‘doing’ risk management, mostly without formal tools

The most important finding in the dataset is also the most frequently overlooked one. Among the 101 respondents who confirmed they use neither a risk register nor a risk matrix, 83% said they still take risk into account when making organisational decisions.

This is not evidence that 83% of small charities have a hidden risk management practice waiting to be formalised. It is evidence that risk thinking, weighing up what might go wrong, what the consequences would be, and whether to proceed, is a natural part of how people run organisations, with or without tools to document it. Many respondents describe risk management as embedded in relationships, conversations, and the professional knowledge of trustees who bring expertise in medicine, law, policing, or finance. The village hall committee that knows every structural issue in the building, the food bank whose trustees have worked in the community for thirty years, and the school governor with deep experience in safeguarding, these are not organisations that lack risk awareness. They are organisations that perceive the current guidance and associated tools as unnecessary and burdensome.

CC26 is geared towards the 17% who use formal tools but for the 83% who do not, there is an opportunity to do more to help them to think about and manage risk more deliberately. A refresh that begins by recognising the informal risk thinking the sector is already doing would serve a far larger audience than the current guidance reaches. The roundtables reinforced this finding. Participants consistently described risk management not as a process but as a habit of mind: “it’s just a normal part of conversation,” “we encourage openness. This all helps.”

The challenge, as another participant put it, is that “we don’t always document all we do around risk. It is discussed often in the context of service delivery, funding and staffing, but we make decisions in a more dynamic way than a process-driven risk tracker way.”

Finding 2: Where formal tools exist, they are objects of compliance instead of decision aids

Among roughly half of respondents who use a risk register, the register's role in decision-making is often limited. Respondents volunteered this fact unprompted – the register exists, is updated, is presented to the board, and then is put in a drawer until the next scheduled review. Decisions are made through a separate process that rarely references what’s on the register.

Survey data on tool adoption supports this interpretation. Risk register use correlates very strongly with grant-funding status: 75% of grant-funded charities use a register, compared with 35% of non-grant-funded ones. The

simplest explanation is that the register is primarily a funder compliance document rather than an embedded governance tool. Charities that need to demonstrate risk management to secure a grant produce a register to do so. Charities that do not face that requirement do not. This is not risk management by any meaningful definition; it is 'risk theatre'.

However, this is not a problem unique to charities or to small organisations. The 2026 COSO ERM framework reports that while most organisations aspire to have risk management more strategically integrated, only a small minority report that it is fully integrated into their strategic decision-making in practice. The gap between aspiration and integration is not a capability failure; it is a design failure, as risk processes are built to produce outputs rather than to improve decisions. The sector evidence in this report reflects the same dynamic, at a smaller scale and with fewer resources to absorb the waste.

The qualitative data is explicit about this as well. "Our risk register is focused around key risk areas but has been created to tick the box," wrote one chair. "Risk registers often provide a tick-box mentality. They don't facilitate meaningful conversation about strategic risk," wrote a trustee of a £1m–£10m charity. "I find the risk guidance tends to make colleagues on the board think they have to fill in a form and job done," wrote a trustee of a small charity. One roundtable participant described risk as something done "over here" while decisions happen "over there."

The pattern holds even at the most sophisticated end of the sector. One professional risk officer in a large charity described a register that "looked perfect on paper" but where nobody in meetings challenged anything, information was consistently presented to the board in the best possible light, and the register had no detectable influence on decisions. The tool was present but did nothing to help actual risk management.

A further finding from the survey deepens this picture. Organisations with a dedicated risk specialist score lower on bias exploration in meetings (39%) than those without one (62%). This counterintuitive result suggests that having a risk specialist may displace responsibility for structured challenge from the board onto a single individual, creating the appearance of rigour while reducing the genuine collective engagement that good risk thinking requires.

It is also worth noting that SORP 2026, which came into effect for accounting periods from 1 January 2026, made the same shift in reporting: away from template-filling toward narrative that meaningfully explains how risk is managed and what it means for the charity's future. CC26 can make an equivalent move in practice.

Finding 3: Reaching those responsible for governance: variations in awareness and application

Overall, 51% of respondents said their trustees are familiar with CC26. However, this figure masks important variations between roles and organisational contexts, as well as differences in how the guidance is recognised and applied in practice.

Familiarity with CC26 varies by role. Awareness is highest among chief executives (70%) and senior management (64%), and lower among trustees (51%) and chairs (31%). This is notable given the role chairs play in shaping board agendas, guiding governance discussions, and setting the tone for how risk is considered. Lower awareness at chair level may influence the extent to which CC26 is explicitly drawn upon in board-level conversations.

Variation is also evident by income band. Organisations in the £10,000–£100,000 range report lower familiarity (35%) than both smaller (under £10,000, 58%) and larger organisations. One possible explanation is that very small organisations often maintain close links with local infrastructure bodies and networks where guidance is actively shared, while organisations in the £10,000–£100,000 band – often volunteer-led – may have fewer such connections. This suggests an opportunity for the Commission and infrastructure bodies to better support this group in accessing and engaging with relevant guidance.

Among those unfamiliar with CC26, 54% were unaware that the Commission provides guidance on risk management. This suggests that, alongside the content of the guidance itself, there is an opportunity to strengthen direct communications and signposting so that trustees and senior leaders are more consistently aware of the resources available to them.

There is also a wider governance context to consider. Trustees carry an individual legal duty to act with reasonable care and skill under CC3, and the Commission signposts CC26 as part of its guidance on reducing liability. Where awareness of CC26 is lower, trustees may be less likely to engage with the additional framework it provides – reinforcing the value of the current refresh programme in making that support more visible and accessible.

It is important to recognise the positive impact of CC26 where it is being used. Organisations familiar with CC26 report stronger performance across all survey measures relating to decision quality, including linking risks to objectives (+23 percentage points), identifying opportunities and threats (+17 points), tracking early-warning indicators (+13 points), and exploring bias in leadership discussions (+13 points). This suggests that when the guidance is accessed and applied, it can support more robust governance practice.

Taken together, these findings suggest that, alongside updating and refining the guidance, there is a valuable opportunity to consider how it is positioned, communicated, and embedded within governance practice, particularly at the board level and within segments of the sector where awareness is currently lower.

CC26 reflects several key principles identified through the research, including the need to tailor risk management approaches to organisational context, the importance of governance and leadership culture, and the range of approaches available for responding to risk. The planned refresh of the guidance, in line with the Commission's wider approach to refreshing governance guidance, provides an opportunity to make these messages more accessible, visible, and easier to apply in practice.

Finding 4: An organisation's risk culture has a real impact

84% of survey respondents say that people in their organisations are encouraged to be honest about risks, even if that creates disagreement. 95% specifically agree that honest discussion is encouraged. These are among the highest-agreement items in the entire survey.

But when the same respondents are asked whether meetings explicitly explore biases such as overconfidence or excessive caution, only 61% agree. The gap between expressed openness (95%) and structural provision for challenge (61%) is 34 percentage points.

This gap is not random, and it follows a clear pattern. The gap is widest for chief executives, with 47 percentage points between expressed honest discussion (97%) and bias exploration (50%). It is also suitable for the largest organisations. Among charities with income over £100 million, only 30% of respondents agree that meetings explore biases. These are the organisations with the most sophisticated governance infrastructure, the most professional risk functions, and in many cases, dedicated audit and risk committees. Yet they are the least likely

among income groups to report that their meetings explicitly address the cognitive patterns that lead to poor decisions.

The qualitative data provides the explanation. Large organisations do not lack governance structures. They lack a culture in which those structures are used to generate genuine challenge rather than to ratify decisions already made. One risk officer in a large charity described a CEO whose risk ratings of their own areas were never challenged and a chair whose views nobody was willing to contradict. Another described “a tendency for some directors to manage reputational perceptions around their departments, which can create reluctance to openly share emerging risks.” A senior manager at another organisation described “inconsistent non-compliance with mandatory policies, especially by senior leadership, without sanctions of consequence.”

Open culture and structured challenge are different things. People may feel able to speak up while simultaneously lacking a mechanism to ensure the right challenges are made to the right assumptions. The first is a matter of psychological safety. The second is a matter of governance design. Both also relate to Duty 3, the legal obligation to act in the charity's best interests. A board that expresses openness to challenge but has not designed mechanisms to ensure structured challenge is consistently applied may not be making the most genuinely informed decisions it could. Acting in the charity's best interests requires not only good intentions but the governance habits that surface inconvenient information before it becomes consequential. Currently, CC26 addresses neither directly, and the sector's data suggests both are significantly underdeveloped.

Finding 5: Risk complexity is driven by more than income and size

The sector's habit is to use income as the primary proxy for risk complexity; however, the research challenges that assumption.

Grant-funded charities use formal risk tools at roughly twice the rate of non-grant-funded ones, regardless of income (75% vs 35% for registers). Activity type, safeguarding exposure, regulatory context, governance maturity, and whether a charity is in a period of change or transition all independently shape its risk profile in ways that income does not capture. A charity with £200,000 of income concentrated in a single local authority contract faces a materially different financial resilience risk from one with the same income from 5,000 individual donors. A small charity providing regulated activity with at-risk children operates in a more demanding control environment than a much larger charity running an environmental protection advocacy programme.

The roundtables were direct about this: “You could be a very small charity doing something very high risk and need to think differently. You could be an enormous charity working in a very low-risk environment and need to do things differently as well.” Guidance built primarily around income tiers will systematically misjudge both ends of the spectrum.

The most striking evidence for this comes from the survey's findings on change and disruption as a risk factor. Leadership transitions (e.g., a CEO or Chair departure) are routinely described by roundtable participants as among the most underestimated risks in the sector. The governance assumptions that underpin a charity's control environment can be significantly disrupted by a single transition event, regardless of the charity's income or the apparent robustness of its governance in a steady state.

Finding 6: The funder relationship is a structural barrier to genuine risk management

76% of grant-funded respondents report that funder risk requirements are increasing. But only 49% report having regular and constructive conversations with funders about risk thresholds and approaches. The gap between the requirements placed on charities and the conversations about those requirements is 27 percentage points.

More striking still is the distribution of that gap by size. Among charities with income over £100 million, the organisations with the most resources, the most professional relationships with major funders, and in theory the most leverage in negotiating relationships, only 14% report having regular constructive conversations with funders about risk. These are not small charities intimidated by a power imbalance with a grant-making foundation. These are large, professional organisations with seasoned negotiating capacity. Their silence with funders about risk is structural, with sector norms making it feel inappropriate to raise these issues, even where the capability to do so exists.

The qualitative data sheds some light as to why. “Frequently it feels like a computer says no discussion rather than a sensible discussion of risk or compliance,” wrote a senior manager at a large charity. “The fear of failure from larger grant-awarding bodies is distorting their risk appetite such that it is negatively impacting the sector,” wrote a CEO.

One respondent raised a specific concern that sits alone in the dataset but deserves explicit acknowledgement: the anti-terrorism screening checks by funders can feel, in practice, discriminatory against staff and trustees with Arabic or Muslim names. This is a significant observation. Compliance requirements that generate harm, including harm to the people within charities, are a dimension of the funder relationship that current sector guidance does not address.

The sector is not asking funders to stop taking risks seriously. It is asking for a different model. One where the risks of a programme are discussed and shared between the funder and the charity as partners, rather than being transferred down the delivery chain as compliance obligations from one party to the other. The name for that model is risk-sharing. It is not a new concept, and CC26 should make room for it in the refreshed guidance.

Part 2: Recommendations

The four recommendations below address the substantive content and structure of a refreshed CC26. They are organised in the recommended order to appear in the guidance itself: the framing and purpose (Recommendation 1), before the self-assessment tool (Recommendation 2), before the substantive practices framework (Recommendation 3), and the funder section (Recommendation 4).

The recommendations should be read as a coherent whole. The use of a risk profiling self-assessment tool (Recommendation 2) only works if the purpose reframe (Recommendation 1) has already established why it matters. The practices framework (Recommendation 3) depends on the categorisation created by the risk profiling self-assessment tool. And all of it requires leadership and trustees to be aware of the guidance. This distribution challenge is addressed in Part Three.

Recommendation 1: Reframe the purpose of CC26 from compliance tool to decision aid

The challenge

Based on the survey responses and roundtable discussions, it is widely agreed that CC26 cannot be everything to everyone. The charity sector is just too diverse to design guidance that answers every possible question and situation an organisation may face; however, by refocusing the guidance away from compliance- and tool-centred approaches towards decision improvement, it will provide value to many more organisations. CC26 is currently written with compliance as its primary register, but speaks little to decision-making under uncertainty.

The roundtables were direct about the consequences. When risk guidance is framed in terms of compliance, trustees disengage, and tools that could be powerful additions to risk management, like internal audit, are included/excluded based on perception rather than actual value. When it is framed around decisions such as ‘what we want to achieve’, ‘what might stop us’, and ‘what we would do if that happened’, the conversations open up. The language makes a material difference to whether trustees see risk management as a governance task for which they have some responsibility, or as a management function handled by someone else.

The language of ISO 31000, defining risk as “the effect of uncertainty on objectives”, offers a more useful foundation than the current framing of risk as events that could prevent a charity from achieving its aims. The ISO definition includes an opportunity to discuss both opportunities and threats, connects risk management directly to objectives and performance management rather than treating it as a separate exercise, and reflects how sophisticated practitioners already think about it. Multiple survey respondents and roundtable participants explicitly asked for CC26 to adopt or signpost this definition.

The recommendation

The opening section of the refreshed CC26 should establish, in plain, direct terms, that the purpose of risk management is to help a charity pursue its objectives more confidently and effectively. Risk is not primarily about avoiding failure. It is about understanding the uncertainty that surrounds every decision well enough to make those decisions wisely.

The guidance should also explicitly state that risk management is not a separate system. Siloing risk provides no value. Integrated risk management is what good governance and good management look like when they engage

honestly with uncertainty. Charities that think carefully about what might help or hinder their objectives and use that thinking in their decisions are 'doing risk management', whether they call it that or document it formally.

The 2026 COSO ERM framework offers a practical test that a refreshed CC26 could usefully adopt as its own: **Does this work product improve a decision, accelerate execution, or clarify what changes when conditions change?** If the answer is no, the work is producing documentation rather than managing risk. That test should be the implicit standard against which any guidance, tool, or practice suggested in a refreshed CC26 is measured. It is also the standard by which CC26 itself should be evaluated. CC26 could more effectively drive improved stewardship by asking how the guidance has improved the quality of the decisions their trustees make.

This reframe has an important legal dimension. The Duty of Prudence, as set out in CC3, requires trustees to act responsibly, reasonably and honestly, and to avoid exposing the charity to undue risk. That duty is not discharged using formal tools, such as a risk register. It is discharged by the quality of the judgment that trustees bring to decisions under uncertainty. A refreshed CC26 that speaks to decision-making rather than documentation is, therefore, a more accurate guide to what the legal duty requires.

This reframe also has practical implications for language and the understanding of concepts, such as risk appetite. Risk appetite, for example, could be introduced not as an abstract statement but as a practical question which asks how much uncertainty is acceptable in different areas of the charity's work, and what would cause the charity to reconsider a course of action? This would not add new obligations to the refreshed guidance, but would support the sector to recognise and do more of what most of it is already doing, with a shared understanding and consistent use of language and concepts. Refreshed CC26 content should be principled rather than prescriptive and lead to genuine risk awareness, identification, and management.

Recommendation 2: Support a risk profile tool to help organisations understand their risk position

The challenge

Risk complexity is driven by activity type, governance maturity, income structure, regulatory exposure, safeguarding obligations, change and disruption, and income. A single-dimensional tiering system based solely on income will systematically underestimate the risk environment of complex small charities and overestimate the governance maturity of large ones.

The recommendation

The refreshed CC26 should support or point to a risk profiling self-assessment tool that allows any charity to determine, across six dimensions, which category of guidance most closely matches its current circumstances. The six dimensions are:

Scale and capacity: whether the charity's governance and financial infrastructure is proportionate to the resources flowing through it.

Mission complexity and safeguarding exposure: what the charity does and who it does it with. Safeguarding obligations, including DBS requirements, mandatory reporting, and the expectations of the Safeguarding Vulnerable Groups Act, apply independently of income size and should be treated as non-negotiable regardless of the charity's overall profile.

Income dependency and financial resilience: how concentrated the charity's income is, the level of unrestricted reserves, income volatility and the compliance burden of restricted funding.

Regulatory and external environment: which regulatory frameworks beyond the Charity Commission apply to the charity, the charity's regulatory history, data protection and digital risk, and any international or geopolitical exposure.

Governance maturity: the state of board structures, committee arrangements, independent review and audit, risk review practices, and policy documentation.

Change and disruption: whether the charity is in a period of significant transition, has experienced a recent serious incident, or has a board that is currently developing its governance capacity.

Each dimension contributes to an overall placement within one of three categories, carefully framed to avoid stigma: Foundational (the essentials of risk thinking); Developing (more structured risk management); and Advanced (a full risk management framework). These categories are not a quality hierarchy. A small charity at the Foundational level may be doing exactly what is appropriate for its situation.

The SORP 2026 tiering structure is worth noting in this context. Its three reporting tiers are income-based, whereas the risk profiling self-assessment tool categories draw on six risk dimensions. A refreshed CC26 should explicitly acknowledge the SORP structure and help charities understand how their risk profile relates to their SORP reporting obligations, particularly the SORP requirement for all tiers to include a risk management statement in the Trustees' Annual Report, and the expanded principal risk disclosure expectations for Tier 3 charities, which include cyber and environmental risks.

The risk profile tool should incorporate escalation flags for dimensions where elevated risk warrants guidance from the next category with higher scrutiny, regardless of the overall profile. A small charity facing highly concentrated income, significant safeguarding obligations, or a leadership transition should not be directed solely to foundational guidance in those areas simply because its overall score is low.

The tool should take around fifteen minutes to complete, be available as both a printable document and an online self-assessment, and be re-completed annually and immediately following any significant change event.

A charity risk-profiling self-assessment tool is now being developed by The Risk Collaborative in partnership with Charity Finance Group. This tool is scheduled for launch by the end of 2026/early 2027.

Recommendation 3: Introduce an objective-centric approach to improve decision-making

The challenge

For charities without formal tools, any tool-centric framing within guidance creates the impression that they are not 'doing risk management', even when they are. For charities with tools, it creates an incentive to treat the tool as the output (e.g., to maintain and update the register) rather than to use it to make better decisions. Multiple roundtable participants and survey respondents independently described the risk register as something done "over here" while decisions happen "over there."

The recommendation

The substantive guidance within each category should be structured around five risk management practices. Each practice should be illustrated with concrete examples at all three category levels, making it clear that all five practices are relevant at every scale, even if the form of engagement with each will differ significantly between a volunteer-run micro-charity and a large professional organisation.

Principle 1: Connecting risk to objectives. Good risk management starts with clarity about what the charity is trying to achieve. For each significant objective, trustees and leaders should be able to articulate what might prevent achievement and what might support it. This is not a register exercise; it is a thinking exercise that can be done in a board discussion, a planning session, or a brief written note. The guidance should provide prompting questions suitable for use at different organisational scales.

Principle 2: Decision-making under uncertainty. Every significant decision involves uncertainty. CC26 should provide a simple framework for integrating risk thinking into decisions before they are made. This is not a separate risk review, but part of the decision itself. What are we assuming, and what if those assumptions are wrong? What is the downside if this goes wrong, and can we absorb it? What is the cost of not deciding or not going this? This approach to risk appetite, grounded in specific decisions rather than floating as an organisational-level statement, reflects a significant shift in mainstream ERM thinking. The 2026 COSO framework explicitly moves away from risk appetite statements as standalone documents and towards risk appetite expressed as thresholds, triggers, and actions, asking at what point does this uncertainty become unacceptable, what signal would indicate we have crossed that threshold, and what would we do in response? That formulation is practical enough for a small charity to apply to a single significant decision, and sophisticated enough to anchor the risk appetite work of a large, complex organisation. This section should follow the COSO recommendation and address risk appetite as part of achieving the objective, rather than as a theoretical concept floating above the organisation.

Principle 3: Monitoring and early warning. Annual or even quarterly risk review cycles are insufficient. Threats won't wait for your next Risk Committee meeting or Board Retreat. Charities that review threats and opportunities related to objectives more frequently are significantly more likely to track early-warning indicators. CC26 should articulate what event-triggered review entails alongside calendar-based review and provide examples of early-warning signals across different contexts. This section should explicitly validate informal monitoring, such as stakeholder feedback and near-miss observations, as legitimate sources of risk intelligence alongside formal data collection. For larger charities with an internal audit function, internal audit findings are an important source of assurance intelligence for risk monitoring, not only a compliance record. CC26 should encourage these organisations to treat the internal audit plan as a risk-responsive document, updated when the risk environment changes, rather than as a fixed annual cycle.

Principle 4: Learning from decisions. Decision trackers are used by only 26% of respondents, but their presence is associated with significantly stronger practice across multiple dimensions. Organisations with decision trackers score more than 20 percentage points higher on early-warning indicator tracking, bias exploration, and crisis decision support than those without. CC26 should introduce a simple Decision and Learning Log, a lightweight prompt for recording what was decided, what assumptions were made, what happened, and what was learned. This should be framed as a healthy board and leadership habit, not as a management system or another compliance tic-box exercise.

Principle 5: Speaking up and challenging assumptions. The gap between expressed openness (95%) and structured challenge (61%) is the single most important governance finding in this research. CC26 should address

it directly, naming specific techniques that boards can adopt. Things like structured go-rounds before decisions are made, designated devil's advocate roles for significant decisions, blind voting on contentious matters, and pre-mortem exercises that systematically ask what might cause a plan to fail help uncover alternative approaches or different facets of the decision that may not have been discovered otherwise. These are not complex interventions; they are learnable habits. Guidance that names and normalises them could make a material difference to board practice. The importance of this governance habit is recognised beyond the charity sector. The 2026 COSO framework treats candour as a named operating discipline, noting that low psychological safety sets a hard ceiling on the effectiveness of any risk management process, regardless of how well designed the structures are. This directly mirrors the finding in this research: the gap between expressed openness (95%) and structured challenge (61%) is not a culture gap that better tools will close. It is a governance design gap, and CC26 should name and address it directly.

The guidance should make clear that the above principles and practices do not require any specific tool. The question a refreshed CC26 should not be asking is 'Do you have a risk register?' It should be asking: do you know what you are trying to achieve, do you understand the uncertainty that surrounds it, and do you have the habits and conversations in place to navigate that uncertainty well?

Recommendation 4: Address the funder dynamic

The challenge

76% of grant-funded respondents report that funder risk requirements are increasing. Only 49% report regular, constructive conversations with funders about risk thresholds. The largest charities are the least likely to have those conversations (14% at income over £100 million). Compliance requirements are being transferred downstream from funders to recipients without the resources or the dialogue to manage them equitably.

This is a structural problem that CC26 alone cannot resolve. But CC26 can provide essential support by naming the problem, introducing the concept of 'risk-sharing' as an alternative to 'risk-transfer', and giving charities language to initiate conversations with funders they currently feel unable to start.

The recommendation

The refreshed CC26 should include a dedicated section on the funder-recipient relationship and associated risks, supporting and linking to the recently refreshed guidance on grant-making, which acknowledges the role funders play in risk sharing. This section should do three things.

First, it should explicitly distinguish between risk transfer, in which compliance obligations and risk exposure are passed to a funding recipient, typically without corresponding resources, and risk-sharing, in which the funder and recipient agree in advance how the risks of a partnership will be understood, managed, and jointly absorbed. The guidance should make clear that risk-sharing is what responsible grant-making looks like, and charities are entitled to raise it as part of grant negotiations.

Second, it should provide practical language for the conversation. What risks do you anticipate in this programme, and how do you expect them to be managed? Which risks do you expect us to absorb, and which would you expect to share? What would you want us to do if we encounter a risk we cannot manage within the resources of this grant? These questions build a foundation for a healthy funding relationship, and charities that use clear language to ask them are better placed to start the conversation.

Third, it should acknowledge that compliance requirements attached to grants have increased substantially in recent years and that this represents a real cost to implementing charities. While the primary audience for CC26

is charities rather than funders, acknowledging this dynamic signals to charities that the Commission is aware of this dynamic and considers it relevant to good risk management.

It is also worth framing this in terms of Trustee Duty 3. Trustees have a legal obligation to act in the charity's best interests, not in the interests of its funders, nor in compliance with funder expectations that may not be proportionate to the actual risk environment. A trustee board that accepts, without scrutiny, compliance requirements that absorb an unreasonable amount of resources or that distort a charity's risk appetite may not be fully discharging that duty. CC26 should give trustees both the language and the legitimacy to examine those requirements critically, as part of their governance role rather than as a challenge to their relationships with funders.

Part 3: Further ways the Charity Commission can support the sector

The recommendations in Part Two address issues specific to CC26, but the research revealed additional observations that extend beyond the document. These are things the sector is asking of the Commission more broadly that would improve how CC26 and other Commission guidance are drafted and received. These are presented here not as formal recommendations but as synthesised evidence from the survey and roundtables of what the community is asking for and why it matters.

The sector wants practical resources, not more documents

The survey asked respondents to rate the usefulness of six potential supporting resources. All six were rated useful or very useful by at least 69% of respondents. The top-rated items were short case notes on good practice by size and sector (84%), a common threats list by charity type (83%), and case studies of how specific risks were managed (83%). Training for trustees and model templates were the two most-selected enablers, both at approximately 52%.

The sector wants usable materials (e.g., examples, templates, short exercises, facilitator guides) that enable people to embed risk thinking in ways appropriate to their operating environment. Several of the frequently referenced resources (e.g., the IRM Charities Special Interest Group, the Orange Book, NCVO templates, ACEVO/CFG/Sayer Vincent 'beyond reserves' guidance) already exist but are fragmented across different organisations and not easily discoverable. For organisations with or developing internal audit functions, the Chartered Institute of Internal Auditors' guidance on charity governance and risk-based auditing provides a complementary framework for those operating at the more complex end of the risk spectrum.

A refreshed CC26 that actively signposts this ecosystem would add significant practical value. As such, the development of a 'Risk Resource Map' that is publicly available and refreshed on a regular basis would assist the wider community with identifying trusted and accurate resources.

The Commission might also consider whether some of these resources can be developed collaboratively with sector bodies. Case studies require real organisations. Facilitation toolkits are more credible when they have been tested by practitioners. The collaborative model that produced this research and report is itself a template for that kind of co-production.

The sector wants the Commission to reach trustees, not just CEOs

Commission guidance currently reaches CEOs at 70% familiarity and chairs at 31%. The Commission has specific levers it could use to improve reach.

The annual return process currently touches most registered charities with income above £25,000. A brief communication to all named trustees, not just the main charity contact, noting the existence of CC26 and other relevant guidance, and linking to it directly, would cost little and could meaningfully improve reach. Similarly, embedding CC26 in the Commission's trustee induction materials and working with umbrella bodies (e.g., NCVO, ACEVO, the Association of Chairs, CFG, etc.) to ensure it features prominently in sector-facing induction content would address the discovery problem where it matters most.

Multiple roundtable participants suggested that digital, accessible content, which includes items such as short videos or podcasts (one to three minutes, not corporate-institutional in style), rather than long PDFs, would improve access to the guidance and strengthen engagement with it.

The Commission should also consider whether the annual return is an opportunity to create a natural touchpoint for risk governance without adding a burden. A single reflective question, 'how does your board engage with the risks to achieving your objectives?' would signal that risk governance is a Commission expectation and prompt trustees to engage with the guidance at least once a year.

The sector wants guidance that reduces burden, not adds to it

The frustration expressed by a minority of respondents, mostly directed at the simultaneous arrival of multiple governance reform initiatives, should not be dismissed. These are engaged trustees who completed a substantial survey and are clearly committed to good governance. Their concern is not with the principle of CC26 but with the cumulative weight of guidance across the Commission's own portfolio and the wider sector body landscape.

This is not an argument for lower standards. The 2026 COSO ERM framework clearly makes the case that heavy artefact production (e.g., risk registers, heat maps, extensive risk assessments) often consumes significant effort without affecting decisions or triggering action. Guidance that generates less documentation but improves more decisions is not a weaker form of risk management. It is a more effective one. A refreshed CC26 that holds itself to this standard would represent a meaningful advance.

Any refreshed CC26 should be explicit about what it is not asking charities to do. The guidance should open with a clear statement that it does not require any specific tool or documentation format and that it does not intend to create an administrative burden. Instead, it asks charities to genuinely consider uncertainty in the context of their own objectives, in whatever way makes sense for their size and situation. That framing would be a meaningful departure and would signal an important element of the Commission's relationship with the sector it regulates.

Conclusion

The UK charity sector manages risk every day, as it has since its inception. It does so with limited resources, under significant pressure, and in many cases without any formal framework. The question this research was designed to answer is not whether charities manage risk, we know they do, but how updated guidance can help them do it better.

The four recommendations in Part Two would make a material difference. Reframing the purpose from a compliance requirement to a decision-making aid changes who engages with the guidance and how they do so.

Introducing a risk profiling self-assessment tool helps charities find appropriate and proportionate guidance. Replacing a tool-centred approach with an objective-centred framework shifts the emphasis from asking charities to maintain documentation to asking them to think critically. Finally, addressing the funder relationship gives charities language to challenge a structural risk dynamic that most currently feel unable to raise.

The observations in Part Three go beyond the document. They are about how the Commission can adjust its approach to the guidance it produces and the reach it achieves. Reaching trustees rather than just executives, building a suite of practical, multimedia resources rather than just refining a PDF, and making governance guidance genuinely accessible by partnering with the sector are realistic changes the Commission can make, and the sector has asked for.

The charities that participated in this research generously gave their time and shared their experiences because they believe that good risk management helps them do better work in their communities and around the world. That belief is widely held and well-founded.

For many years there has been a frustration that accepted risk management has a 'do no harm' and 'compliance' approach. With the update of CC26, there is a wonderful opportunity to drive and support a change in mindset across the sector; one that doesn't purely focus on compliance, but one that drives effective stewardship and maximises opportunity and impact. We're delighted that the Charity Commission is working on this.

Acknowledgements

The Risk Collaborative and Charity Finance Group would like to thank the Charity Commission for the opportunity to jointly undertake the research outlined in this report, and to contribute to the ongoing work to update the Commission's guidance on risk management (CC26).

We are also grateful to the individuals and organisations who generously contributed their time and insights through the survey, interviews, and roundtable discussions. Their openness and expertise have been invaluable in shaping the findings presented here. Without their contribution, this work would not have been possible.

Contacts

Lead author: Sabrina Segal, director, The Risk Collaborative. Email: sabrina.segal@cfg.org.uk

Co-author: Caron Bradshaw, growth and sector solutions lead, Charity Finance Group. Email: caron.bradshaw@cfg.org.uk

Co-author: Nigel Kippax, associate consultant, Charity Finance Group. Email: nigel.kippax@cfg.org.uk

Communications support: Emma Abbott, head of communications and content, Charity Finance Group. Email: info@cfg.org.uk

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