



An Rialálaí  
Carthanas

Charities  
Regulator

# **Charities Governance Code Complex and Non-Complex Charities**



## **Legal Disclaimer**

This document is issued by the Charities Regulator under section 14(1)(i) of the Charities Act 2009, to encourage and facilitate the better administration and management of charitable organisations. It is published as part of a suite of guidance, intended to provide support to charity trustees to meet their legal duties, by putting in place systems, processes and policies which ensure charities are managed in an effective, efficient, accountable and transparent way.

This document is not, nor is it intended to be, a definitive statement of the law and it does not constitute legal advice. Charity trustees are recommended to consult their governing document or to obtain their own independent legal advice where necessary. The Charities Regulator accepts no responsibility or liability for any errors, inaccuracies or omissions in this document.

# Introduction

The Charities Regulator was established on 16 October 2014 and is responsible for the regulation and protection of charitable trusts and organisations ('charities'). Our mission is to regulate the charity sector in the public interest so as to ensure compliance with the law and support best practice in the governance, management and administration of charities.

To advance our mission we published the Charities Governance Code in 2018.

## What is the Charities Governance Code?

The Charities Governance Code explains the minimum standards a charity should meet to effectively manage and control their charity and is based on legal requirements and best practice. It specifically aims to help charity trustees to put good governance systems and processes in place, which will assist them in carrying out their duties.

The Charities Governance Code is made up of -

- **six principles** of governance, which all charities should apply,
- **core standards** that **all charities** are expected to meet when putting the principles into action, and
- **additional standards** that reflect best practice for **complex** charities.

All registered charities should meet the six principles of governance and the core standards. The additional standards form part of the six principles and are in addition to the core standards and apply to complex charities. These additional standards reflect best practice for charities with high levels of income and/or complex organisational and funding structures and/or significant numbers of employees.

The Charities Governance Code Toolkit provides guidance notes and templates to assist charities and charity trustees to meet the requirements of the Charities Governance Code.

## How do I decide if my charity is a complex organisation for the purposes of the Charities Governance Code?

Due to the significant variation that exists in terms of the size and type of charities that make up the charities sector, the kind of work that they undertake, where they operate, their legal structure and how they carry out their charitable purpose, it is not possible to definitively state what a complex charity is. The Charities Regulator does not determine what type of charity you are. Ultimately, the charity trustees of each organisation are best placed to make an informed decision regarding what is right for their charity and whether it is a complex charity.

However, it is possible to set out a number of factors and indicators that charity trustees should consider and on which they may base this decision on. These indicators include the following:

- the size and source of the charity's income;
- the level of expenditure by the charity;
- the legal structure of the charity;
- the number of employees;
- the complexity of the charity's activities including whether it -
  - works with vulnerable people,
  - operates overseas, or
  - has a large number of volunteers;
- the number of properties or investments held by or on behalf of the charity;
- any other reasonable criteria which may be relevant.

A non-complex charity need only comply with the core standards as set out in the Charities Governance Code, although they can comply with the additional standards if they wish. A complex charity must comply with both the core standards and the additional standards as set out in the Charities Governance Code.

Characteristics of a <b>non-complex</b> charity	Characteristics of a <b>complex</b> charity
Locally focused but may have a national remit	Has a national remit and may undertake some international or overseas work
Narrow or focussed scope of activities	Broader scope of activities i.e. provides a number of services
Does not provide services to vulnerable adults or children	Deals with or provides services to vulnerable adults or children
Low levels of annual income or expenditure	Significant levels of annual income or expenditure
The majority of income comes from one source e.g. one state funder or members of the public	Key funding sources are generally split between public fundraising, local and national government funding, grants and trusts
Does not employ staff or has a small number of employees	Has a significant paid workforce, or a paid CEO
Generally run by a small number of volunteers	Has a significant number of volunteers or members
Does not have significant assets	Owns significant assets such as cash, real properties or investments

It should be noted that no single characteristic on its own will dictate whether a charity is non-complex or complex. The absence or presence of one or more of the above characteristics is not determinative of the classification of a charity. An assessment will have to be made of all the characteristics of the charity by the charity trustees to determine whether they consider it to be complex.

Some charities, regardless of their size or complexity, may decide to implement the additional standards set out in the Charities Governance Code, even if they are not required to, in order to ensure that they are meeting the highest levels of governance.

In order to further assist registered charities seeking to determine whether their organisations are complex or non-complex in nature, we set out below some examples which are based on queries received from registered charities and our engagement with them over the last 2 years on this issue.

## Examples

### Example 1 – Animal welfare charity

#### Complex Charity

Charity “A” has an income of €700,000 per year from government grants, local authorities, public donations and legacies. It cares for abandoned, abused and unwanted domestic and small farm animals along with injured wildlife. The charity employs several staff and is supported by more than 200 volunteers. The charity trustees have decided that the organisation is complex for the purposes of the Charities Governance Code as the charity receives a significant amount of funding from various sources and it has a large number of staff and volunteers, and so it must meet the additional standards in the Charities Governance Code.

#### Non – Complex Charity

Charity “B” has an income of €50,000 per year mainly from public donations. It is involved in rescuing and rehoming animals such as cats, dogs and hens. The charity also provides veterinary treatment where necessary. Vets are paid for their services by the charity but are not employed by the charity. The charity is run by a small number of volunteers and does not employ staff. The charity trustees have decided that the organisation is non-complex for the purposes of the Charities Governance Code as it is a small, local, volunteer-only charity.

## **Example 2 – Charity supporting homeless people**

### **Complex Charity**

Charity “C” has an income of €300,000 per year from government grants, local authorities and public donations and legacies. It runs a centre for individuals/ families experiencing street homelessness and provides a range of food, day respite facilities, and other resources. The charity relies mainly on volunteers with a small number of paid staff. The charity trustees have decided that the organisation is complex for the purposes of the Charities Governance Code as the charity receives a significant amount of funding from various sources, deals with vulnerable people and has a large number of volunteers, and so it must meet the additional standards in the Charities Governance Code.

Charity “D” has an income of €120,000 per year from public donations. The charity provides temporary accommodation, food, clothes and other essential items to help keep homeless people safe, warm and well. The charity also provides advice and support to homeless people or those facing homelessness. The charity has employees and is supported by a large number of volunteers. The charity trustees have decided that the organisation is complex for the purposes of the Charities Governance Code given the range of the services provided and a large number of volunteers, and so it must meet the additional standards in the Charities Governance Code.

### **Non – Complex Charity**

Charity “E” has an income of €25,000 per year from public donations. It is involved in the provision of food and sleeping bags for homeless individuals in the local area. It does not deal directly with homeless individuals but provides the donated items it collects to other homeless charities. The charity is supported by a small number of volunteers and no employees. The charity trustees have decided that the organisation is non-complex for the purposes of the Charities Governance Code as it is a small, volunteer only charity with a low level of income.

### **Example 3 – Charity working with vulnerable adults and/ or children**

#### **Complex Charity**

Charity “F” has an income of €400,000 per year from government grants, local authorities and public donations. The charity provides support for young people and children with disabilities. The organisation employs several staff and is supported by a number of volunteers. The charity trustees have decided that the organisation is complex for the purposes of the Charities Governance Code as the charity receives a significant amount of funding from various sources, deals with vulnerable people and has a number of staff and volunteers, and so it must meet the additional standards in the Charities Governance Code.

Charity “G” has an income of €100,000 per year from public donations. It provides premises and amenities for religious activities. The charity also provides religious and language education for children. The charity is run by a number of volunteers and does not employ staff. The charity trustees have decided that the organisation is complex for the purposes of the Charities Governance Code as it deals with vulnerable people and has a large number of volunteers. In addition, the charity owns significant assets (i.e. a number of properties), and so it must meet the additional standards in the Charities Governance Code.

#### **Non – Complex Charity**

Charity “H” has an income of €40,000 per year from government and local authority grants. It provides support to older people locally with a visiting service, social events and advice and information. The organisation is supported by a small number of volunteers and does not employ staff. The charity trustees have decided that the organisation is non-complex as it is a small, volunteer-only charity. However, as the organisation deals with vulnerable people, the charity trustees decided to apply some of the additional standards by putting in place a comprehensive induction programme for new trustees (*Governance Code Additional Standard 5.12*) and developing written procedures to make sure the charity complies with all relevant legal and regulatory requirements (*Governance Code Additional Standard 4.7*) particularly around safeguarding.

#### **Example 4 - Charity supporting people affected by cancer**

##### **Complex Charity**

Charity “J” has an income of €500,000 per year from government grants, local authority funding and public donations. It provides cancer support services and facilities free of charge to people affected by cancer. The organisation employs several staff and is supported by a large number of volunteers. The charity trustees have decided that the organisation is complex for the purposes of the Charities Governance Code as the charity receives a significant amount of funding from various sources and has a number of staff and volunteers, and so it must meet the additional standards in the Charities Governance Code.

##### **Non – Complex Charity**

Charity “K” has an income of €30,000 per year from public donations. It aims to promote research into the causes, prevention and treatment of skin cancer generally, and malignant melanoma in particular. The charity is run by a small number of volunteers and does not employ staff. The charity trustees have decided that the organisation is non-complex for the purposes of the Charities Governance Code as it is a small, volunteer-only charity with a low level of income.

The Charities Regulator adopts a proportionate approach to its regulatory activities and we are conscious that registered charities are at a relatively early stage in relation to implementing the Charities Governance Code.

Our aim is to work with registered charities as far as possible to ensure that they have the guidance and information necessary to implement the Charities Governance Code.

Where a query arises subsequently regarding the question of whether a registered charity is or is not a complex charity, it will be easier for the charity to engage with the Charities Regulator where its original decision is noted in Board minutes and the reasons for it are clear.

## Tips

- Ensure that any discussion of whether your charity is complex or non-complex is recorded in your charity's board minutes.
- Board minutes relating to a decision on whether a charity is complex or not, should include a brief outline of the reasons on which the decision was based.
- The decision as to whether your charity is complex or not, should be regularly reviewed and should always be reviewed where there is a significant change in the charity's circumstances e.g. a significant donation, a decision to employ staff.
- Reach out to contacts in other similar sized charities that are engaged in similar work to see what factors they considered when discussing this matter.

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