

Review of the Regulatory Landscape for Charities and Non-Profit Organisations (NPO) in the Bailiwick

REPORT SUMMARY

States of Guernsey
Strategy and Policy

Introduction

The last few years have seen significant change in the environment that charities operate within, most notably driven by historic assessments (in 2016) made by The Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), and the subsequent introduction of a new ordinance in 2021 and new regulations in 2022, 2023, 2024 and 2025.

These sit alongside a need to comply with other requirements in relation to, for example, data protection, income tax and banking. Collectively, this has created a complicated picture for charities, one that illustrates the reported challenge that they have in adhering to a regulatory regime that has evolved over time.

The purpose of the review was to ensure that the regulatory regime for charities and non-profit organisations in the Bailiwick is as effective and efficient as possible. This includes determining whether the requirements imposed on the sector by multiple organisations represents a cohesive regulatory regime proportionate to the risk.

The charity regulatory system in the Bailiwick is certainly effective, and aligned with international standards, providing the level of assurance necessary to safeguard the Island's financial and reputational interests. That said, it is in the best interests of everyone in the Bailiwick that this is proportionate to the risk and that charities are able to operate efficiently, with only the absolutely necessary red-tape in place. This helps to ensure that their main focus is on delivering the charitable purpose for which they were set up and, in many cases, the front-line delivery of services to the community.

"Charities provide essential services that save the Government and taxpayer money, foster community well-being, value our heritage and natural environment, and address pressing social issues with an army of volunteers and staff – and so much more."

Association of Guernsey Charities, Our Charity Sector – Manifesto 2025

It was therefore important that rather than view the regulatory landscape through the lens of the organisations imposing a requirement on charities, this review should put the charity at the centre and seek to understand their perception and experience of the requirements being placed on them collectively by the relevant organisations.

Taking this approach allowed an evaluation of whether the current regulatory landscape represents an effective and efficient regime and has identified options for the future that should ensure the requirements placed on charities are cohesive, joined up and proportionate to the risk.

Executive Summary

Significant regulatory changes in recent years - particularly the introduction of the Charities etc. (Guernsey and Alderney) Ordinance, 2021 and evolving international Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT) expectations - have impacted the responsibilities placed on the sector.

Effectiveness and Purpose of the Current Framework

The 2021 Ordinance was introduced to address deficiencies identified in MONEYVAL's 2016 evaluation and to ensure Guernsey meets international expectations for transparency, governance and the prevention of financial crime. MONEYVAL's 2024 follow up confirms that these aims have been achieved. The Bailiwick is assessed as having a robust, proportionate and internationally credible regime, with strengthened oversight, improved governance and effective outreach across the charity and NPO sector.

This provides strong assurance that the framework is currently effective in achieving its objective: safeguarding Guernsey's international reputation and ensuring appropriate protection against misuse of the sector.

This review examined whether the resulting regulatory framework governing charities and non profit organisations (NPOs) in the Bailiwick is effective and efficient and assesses whether the framework supports or hinders the sector's ability to operate.

The review primarily took a charity centred approach rather than a regulator centred one, and drew upon engagement with the Guernsey Registry, Revenue Service, the Office of the Data Protection Authority (ODPA), sector bodies, and a comprehensive survey of charities and NPOs.

Survey among charities/NPOs

The project brief was clear in its expectation that views from charities/NPOs were paramount in this review and therefore a survey was deemed the best way to attract feedback from as wide an audience within the sector as possible.

A total of 453 invitations to participate were emailed out and closed a month later, by which time 129 organisations (28.5%) across a good spread of entity types had responded.

The core finding that emerged was that the regulatory framework is substantively effective and risk appropriate, but the user experience of that framework is often inefficient, fragmented and difficult for charities to navigate, particularly for smaller, volunteer led organisations.

The Experience of Charities

Despite the framework's effectiveness, many charities report that complying with the regime feels complex, resource intensive and, at times, feels disproportionate to their internal capacity, even where it is proportionate to their risk profile. Feedback identifies several consistent challenges:

- The cumulative administrative burden of interacting with multiple authorities and systems, often requiring repeated entry of similar information.
- Fragmentation across three portals, each with different processes and varying levels of usability.
- Unclear proportionality, with charities sometimes uncertain what is legally required versus recommended good practice.
- The difficulty some experience using online systems, particularly for smaller organisations relying on volunteers with limited administrative or technical experience.
- Practical access difficulties, notably with the Revenue Service during MyGov registration.
- A perception gap, where organisations understand what must be done but not always why, contributing to frustration and over compliance in some cases.

Importantly, and separate to the regulations themselves, many of these challenges can be addressed by making the process easier overall, with better communication, guidance and training, and via improved system usability rather than significant change to the underlying principles of regulation.

Strengths Across Regulatory Bodies

Across all engagements, the three authorities were consistently described as helpful, committed and supportive. There was high praise for staff approachability, willingness to assist and clarity when contact had been made directly (although being able to contact relevant people was also seen to be challenging at times). Authorities also demonstrated openness in acknowledging system level issues and a willingness to engage constructively on solutions.

This reflects a regulatory culture characterised by good intent and genuine collaboration. The key issues identified are mainly operational and can be addressed through coordinated improvement rather than legislative change.

Key Findings

- **The regulatory framework is effective and risk based...**
  MONEYVAL has validated its robustness and proportionality (although it is important to be aware of potential changes to their standards ahead of future reviews).

- **...but charities experience the framework as unnecessarily fragmented and burdensome.**
  The challenges relate mainly to understanding (and accepting) the relevance of requirements, the current processes and the systems they are expected to use

- **Smaller charities face the greatest pressures.**
  Limited administrative and digital capacity magnifies compliance challenges.

- **Issues are primarily operational**
  Improvements in guidance, communication, system design and inter authority coordination would significantly ease compliance.

- **Authorities share a strong willingness to improve the user experience**.
  There is interest in clearer guidance, expanded support and work has already started on identifying joint working opportunities.

The priority now is to ensure that this effectiveness is matched by efficiency and accessibility, so charities can meet their obligations without unnecessary burden. This is especially true for smaller, voluntary organisations where the fear is that volunteers are being dissuaded by the process (perceived or experienced) of compliance.

By prioritising the identified areas of improvement and coordination between authorities, the States of Guernsey can strengthen the sector's ability to comply, preserve the support of volunteers, and maintain confidence in the regulatory regime.
It is clearly important to maintain a framework that continues to effectively manage risk. The real gain will be to do so in a more efficient way that works more smoothly for the aforementioned army of volunteers and staff.

The recommendations arising from the review set out practical steps to achieve this.

Summary Recommendations

Ref	Nature	Summary Reccomendation	Timeline
1.	**Regulation**	Drawing on the conclusions and insights of the charitable sector regulatory landscape project, the States will seek to embed a more proportionate approach to domestic and UK charities' requirements, as well as a risk-based approach to those charities involved in international activities and funding. This means undertaking a further review of regulations to identify any areas where the requirements placed on domestic charities and non-profit organisations could be reduced or removed, including requirements applicable to local branches of British registered organisations.	**By end of Q2 2027**
2.	**Annual Returns**	To make achievable and necessary (a) operational and (b) statutory changes that will reduce the number of annual returns that charities and NPOs are required to submit each year, and which provides all the information required by the Guernsey Registry, the Revenue Service and the ODPA. This information can be used by entities of the government for its domestic and/or international compliance requirements. This will initially reduce the requirement from three submissions to two, via • one regulatory annual return that meets the requirements of the ODPA and the Guernsey Registry • one annual tax return that meets the requirements of the Revenue Service (and which has already been improved to lessen the burden on the charities when completing and submitting it). • It will also include seeking to remove the need for charities to maintain a dual registration on the companies register to achieve limited liability status. It is important to note that sector representatives have expressed disappointment that the much hoped-for single annual return is not able to happen. The opinion shared is that the obstacles identified could be overcome if the will and resources were there. The aspiration for a single annual return should therefore remain as something that may be achieved in the longer term.	**By end of Q4 2027**

3.	**Communications**	While the current contact strategies adopted by each authority will continue, an independent quarterly communication will be sent to the sector specifically to • explain the purpose of the current regulations • identify the risks that they are in place to mitigate • advise who to contact if further information is required. Where applicable, the quarterly communication will span and include any messaging required from across government, its arm's length bodies and the ODPA. Should any changes that may have implications on the sector be planned, the quarterly communications will identify them and provide a method to commence early and meaningful engagement prior to any such changes being approved.	**By end of Q3 2026 onwards**
4.	**Service Provision**	The Guernsey Registry has a duty to identify non-compliance and crime in the charitable sector and to ensure such matters are properly addressed. This may include referring matters and issues to other organisations for appropriate action. The role that the Guernsey Registry undertakes in providing this oversight can result in issues being identified that fall outside of their remit. Sometimes, there is no alternative organisation to refer these issues to and no defined pathway to follow to seek a solution. In other jurisdictions, a charity commission or ombudsman may take responsibility for wider issues. It is recommended that the roles and responsibilities of all bodies that support the charitable sector are reaffirmed, ensuring clarity exists both inside and outside of the sector. If there are matters and issues that arise from the sector that currently fall outside of the roles and responsibilities in place, then they will be summarised and quantified, enabling them to be better understood. Subject to the above, an options appraisal will be undertaken to explore the different ways the gaps in provision identified can be addressed, with a recommendation made on the most effective and efficient way to do this.	**By end of Q4 2026**

5.	**Support**	The introduction of a single online hub to function as a one-stop shop for the provision of information and guidance to the sector on regulation, processes, systems etc. The hub will be based around the requirements of the sector with the content connecting the relevant functions of government, their arms-length bodies and the ODPA. It will be simple to use, intuitive and hold clear information that is easy to understand. It will also include guidance associated with the other systems and portals that the sector is asked to navigate when complying with the regulations. It is still to be determined whether the hub would be better set up, hosted and managed within government or outside of it. In addition, further consideration should be given to the best way to ensure the hub contains accurate and up to date information that is reflective of the requirements for charities.	**By end of Q2 2027**
6.	**Support**	The in-person help provided by the relevant functions of government, their arm's length bodies, and the independent regulator has been acknowledged by the sector and recognised as the most valuable form of support, particularly at times of high demand such as prior to annual returns, when engaging on potential changes or when delivering change. This support should be amplified via the provision of appropriate in-person resource by each authority. The three authorities have already committed to deliver third sector information/training sessions (via webinar) on "De-Mystifying Registration." This recommendation also includes the provision of sufficient in-person resource to support the AGC to train and upskill the sector in relevant areas.	**By end of Q2 2027**
7.	**Support**	To work in partnership with the sector on safeguarding policies and standards to ensure there are robust practices across the Bailiwick in this area. The recommendation is for a selection of senior officers from the States of Guernsey to work alongside a small number of representatives from the sector to understand the current position regarding safeguarding, identify where we need to be in the future, to introduce plans to achieve that and to deliver on those plans.	**By end of Q2 2027**

