

## MINUTES

### OSCR BOARD MEETING

Held on 18 November 2008 @ 9.30 am

OSCR, Quadrant House, Dundee

**Present:** John Naylor, Chair  
Lindsay Montgomery, Deputy Chair  
Martin Crewe, Board Member  
Annie Gunner Logan, Board Member  
David Hughes Hallett, Board Member  
Iris McMillan, Board Member  
Oscar Mendoza, Board Member

**In attendance:** Jane Ryder, Chief Executive  
Marieke Dwarshuis, Head of Charities  
Judith Hayhow, Head of Resource Management  
Kirsty Gray, Head of Monitoring & Investigation

**Apologies:** Fiona Ballantyne, Board Member

		<b>ACTION</b>
1.	<p><b>Welcome</b></p> <p>The Chair welcomed members to the meeting and thanked staff for their efforts in respect of the considerable achievements made over the course of the year, including the Rolling Review announcements and the Open Meeting held on 3 November</p>	
2.	<p><b>Minutes and Declarations of Interest</b></p> <p>The Minutes of 5.09.08 were approved.</p> <p>No Declarations of Interest were made by members.</p>	
3.	<p><b>Matters Arising</b></p>	
3.1	Given recent media coverage in respect of Royal	

	British Legion (Scotland), members asked for an update of discussions between OSCR and the organisation and noted the position.	
3.2	As previously agreed by the Board, members noted that OSCR will not be making Block announcements and undertaking Block reviews in respect of further phases of the Rolling review. It was agreed that this was appropriate, and would prevent delays in respect of the announcement of results.	
3.3	It was agreed that the Chair and Chief Executive would arrange to meet with SCVO. The items for discussion would be the future funding and role of the organisation and of the CVS network, in light of the Scottish Government's vision of a localised third sector infrastructure more aligned to the CPP network.	Chief Executive
3.4	Board members expressed concern once more that a number of charities were failing to meet their requirements in terms of References in Documents, with adverts for staff in particular failing to make reference to the charitable status of the advertising organisation. Whilst it was agreed that consideration would be given as to how this could be addressed, it was also acknowledged that there is no single solution to this issue.	Head of M& I to consider
4.	<b>OSCR Corporate Planning 2009-12</b>	
4.1	<p>The Board discussed how to approach the Corporate Plan 2009/12 based on paper 145, prepared by the Chief Executive and Head of Resource Management.</p> <p>(a) Outcome Reporting Framework</p> <p>The Board agreed that at a strategic level, OSCR should move to outcome reporting in line with the requirements of the National Performance Framework. The Board noted the Chief Executive's discussions with both the Justice Team and the Third Sector Team. Following discussion, it was agreed that the NPF National Outcomes most relevant to the work of OSCR were:</p> <p>i. We have strong resilient and supportive communities where people take responsibility for their own actions and how they affect others.</p> <p>ii. Our public services are high quality, continually improving, efficient and responsive to local people's needs (mandatory for public</p>	Chief Executive to develop Plan in light of Board discussion

	<p>bodies).</p> <p>iii. Reducing the local and global environmental impact of our consumption and productions (mandatory for public bodies).</p> <p>OSCR should provide a narrative link between OSCR objectives and activities and the relevant National Outcomes. OSCR should highlight the contributions the charity sector makes to realising Scotland's full economic potential, and indeed how the very diverse charity sector contributes towards the achievement of all the National Outcomes. However, it was agreed that the Outcomes OSCR should report on should reflect the regulators activities and impact, rather than the activities and impact of the sector as a whole.</p> <p>(b) Strategic Context</p> <p>The Board discussed the strategic context and emerging trends that would require a response from the regulator, particularly in the context of the current banking crisis and global economic downturn.</p> <p>The Board considered the changing strategic context in respect of infrastructure support for the charity sector, and noted how it is envisaged by Scottish Government that this will be closely linked to Community Planning Partnerships. This will have a direct impact on how OSCR engages with different advisory and support bodies.</p> <p>The Board reflected on developments within Local Authorities, and particularly changes to their relationship with charities as a result of Outcome Agreements and the removal of ring-fenced funding, which has created more uncertain and financially challenging times for charities. The changes in procurement practice for Local Government are relevant in this strategic context, particularly with the uncertain global financial and economic climate.</p> <p>(c) Role and Response from the Regulator</p> <p>The Board then discussed the role and response from the regulator to the Strategic Context.</p> <p>The Board discussed how far the role of OSCR extends to ensuring the viability of the sector and</p>	
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	<p>individual charities, noting OSCR's response to the collapse of the Icelandic Banks and the advice provided, as well as ongoing discussions with other regulators. The Board identified the critical importance of competent governance in advancing the financial health and viability of individual charities. However it was agreed that the role of OSCR is to encourage compliance and competent governance, not to re-engineer the sector or micro-manage individual charities.</p> <p>The Board noted the continuing stream of new charity applications, but also acknowledged that some charities may fail, particularly in the current economic climate. While the Board agreed that OSCR should not take a role in positively engineering the sector, OSCR does have a role in looking with charities, their umbrella bodies and advisors at the appropriateness of charity status and the possibility of different structures. This may also contribute to minimising the regulatory burden on charities. OSCR may have specific interaction with Local Authorities on rationalising their charitable trusts.</p> <p>In relation to advice to Ministers, it was agreed the response of the regulator should be to advise Ministers, where relevant, on matters relating to the context in which the regulator and charities operate, but to do so as the sector's regulator not as its advocate.</p> <p>This was a wide ranging debate which will be brought back to future meetings.</p> <p>(d) Outcome reporting and Performance Measures for 2009/12</p> <p>The Board reviewed and discussed the original 2007-10 Corporate Plan, together with the web based performance statistics</p> <p>Strategic Objectives:</p> <p>1) Increase Public confidence in charities through effective regulation - no change. Impact assessment - continue annual surveys supplemented by more deliberate research through focus groups. Delete website usage and media coverage.</p>	
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	<p>2) Increase transparency and public accountability of charities – no change. Impact assessment – delete references to Rolling Review. Website use is a proxy view. Add in more micro measures of baseline compliance such as themed studies, mystery shopper activity and references in document sampling.</p> <p>3) Increase Charity trustees awareness and observance of their statutory responsibilities - amend to "Increase CT compliance with the legislation". Impact assessment – remove media reference, retain annual surveys and website, making reference to themed/case studies, trend in qualified monitoring passes.</p> <p>4) Establish and maintain OSCR as a trusted, effective and innovative regulator – no change. Impact assessment – retain survey and media coverage and add consulted with on matters relating to charities and regulation to last objective.</p> <p>5) Reduce the burden of regulation on charities wherever possible, with particular emphasis on reduce multiple reporting – change wording from reduce to minimise. Impact assessment – add in charities survey, the consultation on the integrated reporting project, and reporting on regulatory changes by increase, reduction and no change.</p> <p>6) Add strategic objective of OSCR efficiency. The Board noted the backdrop of a 2% Efficient Government saving and commented that in principle targets should be stretching, reflecting continuous improvement and productivity turn round times should be as fast as possible.</p> <p>Web based performance statistics:</p> <p>It was noted that some current information such as number of Annual Returns issued and validated could be removed from monthly reporting, but internally reported on quarterly. Suggestions for additional information of public interest included: value of assets monitored under section 19 for entities ceasing to be a charity; number of status refusals; more information on qualified passes issued; number of cases outwith targets.</p>	
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5.	<p><b>OSCR Governance</b></p> <p>a) Framework Agreement between Scottish Government and OSCR.</p> <p>The Agreement as updated for Scottish Government minor revisions was approved. The significant areas in which Scottish charities contribute listed under 4.5 is to be evaluated when the framework is next reviewed.</p> <p>b) Code of Conduct Guidance</p> <p>The Chief Executive reported that at a meeting with the Standards Commission it was agreed that the exemptions as previously discussed can be included in the Code of Conduct and it will be revised accordingly and circulated to Board members.</p> <p>c) Delegated Authority</p> <p>The revised schedule of Delegated Powers was approved with the following revisions:</p> <p>i) Reserved to Board:</p> <ul style="list-style-type: none"> <li>• Highly sensitive, novel and contentious issues to be brought to the Board on an exceptional basis</li> <li>• No geographical restrictions to Concordats required</li> </ul> <p>ii) Delegated to Chief Executive</p> <ul style="list-style-type: none"> <li>• Authority to vire expenditure to be restricted for staff pay.</li> </ul> <p>The Board's involvement in the appointment of Senior Managers is to be reflected in practice. Also contingency planning in respect to unplanned loss of the Chief Executive and the Board's involvement in grievance/disciplinary issues relating to Senior Managers is to be considered as part of the Governance Review conducted via the Audit Committee.</p>	<p>Chief Executive to sign</p> <p>Chief Executive</p>
6.	<p><b>Audit Committee</b></p>	
	<p>Lindsay Montgomery as Chair of the Audit committee provided a verbal report from the Audit Committee Meeting which had taken place the week prior to the Board Meeting.</p> <p>The Audit Committee had been updated on the</p>	

	<p>progress of the internal audit, and the draft plan for the external audit. The OSCR Risk Register, as recently reviewed by the Senior Management Team, was considered by the Audit Committee and Lindsay Montgomery notified changes to the Board. The risk of departure of key staff, and how to manage this risk was discussed by the Board.</p> <p>In terms of governance, the Audit Committee has considered the recently published Audit Committee Handbook. Lindsay Montgomery and Judith Hayhow are to undertake the self assessment checklist for OSCR. In addition, the Audit Committee would be reviewing OSCR governance overall bringing any recommendations to the full Board meeting.</p> <p>The Board noted the need to appoint a third Board member to the Audit Committee. The Chair has this in hand.</p>	<p>Chair of Audit/ Head of Resource Management</p> <p>Chair to appoint</p>
7.	<b>Integrated Reporting</b>	
	<p>The Board noted the content of Paper 145 which outlined the background, proposals and timetable in respect of the Integrated Reporting project. The project includes a review of existing reporting processes and technical platforms, followed by consideration of future monitoring priorities and Register reporting and how these might be integrated. The internal review stage of the project is currently under way and will be followed by an options consultation, as a consequence of which any technical development requirements will be identified. The paper highlighted the stages for reporting to the Board and Board involvement and decision taking. The implementation timetable which culminates in any 'new' system being operational from April 2011 is challenging, particularly as technical procurement and development time is likely, Members noted from the information available at this early stage that it should be achievable</p>	
8.	<b>Chief Executives Report</b>	
	<p>The Board noted the recent Scottish Government announcement regarding the abolition of SCAP and the proposed consultation. The Chief Executive provided an update on Regulations development and a productive meeting with the Third Sector team.</p> <p>The Board were updated on cross border</p>	

	discussions and current staffing developments within OSCR.	
9.	<b>Any Other Business</b>	
	The formal Board meeting closed at 1.00 p.m., and was followed by a meeting and discussion with the Minister for Community Safety, Fergus Ewing.	