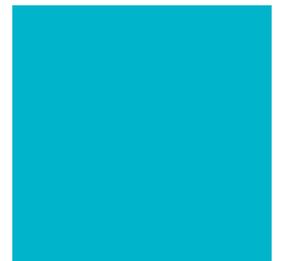
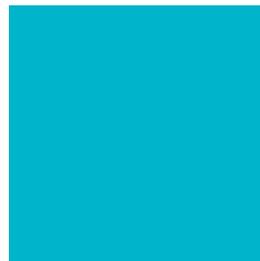
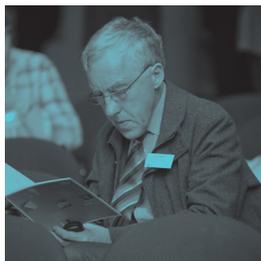


# annual review 2009/2010



---

**Our vision is for a flourishing charity sector in which the public has confidence, underpinned by OSCR's effective delivery of its regulatory role.**

---

## scotland's charity regulator

**OSCR is the independent regulator and registrar of Scotland's 23,500 charities, including community groups, religious charities, schools, universities, leisure facilities, grant-giving charities and major care providers.**

Based in Dundee, we have 55 staff and an annual budget of £3.6 million. Our Annual Report and Accounts 2009-10 were laid before Parliament in August 2010 and are published at [www.oscr.org.uk](http://www.oscr.org.uk)

Our vision is for a flourishing charity sector in which the public has confidence, underpinned by OSCR's effective delivery of its regulatory role.



In 2009-10 our objectives were to:

- » increase public confidence in charities through effective regulation
- » increase transparency and public accountability of charities
- » increase charity trustees' awareness of, and compliance with, their statutory responsibilities
- » establish and maintain OSCR as a trusted and effective regulator
- » reduce the burden of regulation on charities wherever possible, with particular emphasis on reducing multiple reporting
- » operate effectively and efficiently, demonstrating a commitment to the principles and practice of Best Value.

We believe that our Annual Review sets out the progress we have made toward these long-term objectives. In addition to key performance statistics, the Review illustrates the volume and nature of our work over the past year and provides examples of our engagement with charities in encouraging their compliance with the 2005 Act.

# introduction from the chair and chief executive

## welcome to our fourth Annual Review

---

**We recognise that these are difficult financial times. In such a climate, charities face many challenges such as funding, recruitment of trustees, mergers and even the potential exposure to fraud.**

We are aware of these issues and the need for us to continue to implement a proportionate approach to regulation, balancing constructive support for the sector with effective intervention.

Our long-term aim is to ensure that the Scottish public continues to have confidence in, and be supportive of, the charity sector. This year's Review has been structured to reflect our statutory functions and to illustrate our approach. We trust that it gives you an overview of our activities during the past year, and demonstrates how we are working with charities to deliver an appropriate and robust regulatory framework to ensure compliance with charity law.

Our analysis of the monitoring returns submitted by charities indicates that an increasing number are mastering the reporting requirements to comply with the law. This is encouraging, given the diverse spectrum of Scottish charities, ranging from multi-million pound organisations with hundreds of employees, to very small groups in local communities, staffed by volunteers. We believe that the improved compliance levels have been achieved in part by the use of the guidance materials we have produced, many of which are directly aimed at charities with smaller incomes. Into the current year, we will be providing further support to our diverse range of stakeholders through our Outreach Programme, to be implemented by our recently appointed Development Manager.

One of our functions is to advise Ministers on matters relating to our functions. We do this through the specific recommendations contained in our Annual Report and Accounts, laid before Parliament, and through direct briefings and collaboration with the Scottish Government's Charity Law Team. Specific recommendations have been formally accepted by Ministers and incorporated into the Public Service Reform (Scotland) Act 2010.

The year 2009-10 saw changes to our internal structure and to our Senior Management Team, with the creation of a new Policy and Development Team and the recruitment of new Senior Management Team members. Our new structure will enable us to target our resources more effectively, improve support to charities, and enhance the delivery of our regulatory functions. In addition, two new Board Members, Professor David Harrison and Kaliani Lyle, were appointed.

---

Our website, [www.oscr.org.uk](http://www.oscr.org.uk) features additional performance information as well as guidance material, news items, and the information about charities published on the Scottish Charity Register. We urge you to visit the OSCR website regularly to keep up to date with current and future developments, and hope that you find this year's Review informative, giving you a useful summary of our work in the past year.



A blue ink signature of John Naylor.

John Naylor  
Chair



A blue ink signature of Jane Ryder.

Jane Ryder  
Chief Executive

# 23,260

Number of charities entered in the Scottish Charity Register at 31 March 2010. This compares to 23,234 in 2008-09.

## the year at a glance

---

### April 2009

- » The Scottish Government consulted on proposed amendments to accounting regulations.

### » May 2009

- » OSCR published the results of collaborative research with SCVO, Scottish Government and ACOSVO, into governance and leadership in Scottish charities carried out by Cranfield University.

### » June 2009

- » OSCR published new guidance about the Charities and Benevolent Fundraising (Scotland) Regulations 2009
  - » OSCR also issued updated guidance for cross-border charities.
- 

### October 2009

- » OSCR commissioned research into the financial resilience of Scottish charities.

### » November 2009

- » OSCR announced its assessment of the progress made by four schools in meeting the terms of Directions issued under the Rolling Review of charitable status
- » Independent Examination guidance was published by OSCR
- » OSCR's policy on Apparently Inactive Charities was published.

### » January 2010

- » In response to media reports about alleged fraud by bogus charities, OSCR issued guidance on donations to Haiti
- » OSCR submitted its formal response to the Accounting Standards Board (ASB) consultation on the future of UK GAAP (accounting standards and practice) .

---

## July 2009

- » OSCR's Corporate Plan for 2009-11 was published.

## » August 2009

- » OSCR issued a direction to The Disabled Trust for Scotland, to cease representing itself as a charity.

## » September 2009 »

- » Designed to Deliver staffing programme was implemented. This refocused OSCR's operational teams and established a new Policy and Development Team.
- 

## February 2010 » March 2010

- » Two new OSCR Board Members – Professor David Harrison and Kaliani Lyle – were appointed by Ministers
- » OSCR published its Anti Fraud Strategy, setting out how it acts to deter fraud, gather intelligence and, where required, intervene.
- » Following assessment, OSCR was reaccredited as an Investor in People, achieving Bronze Standard
- » The UK Government announced in its Budget that charitable tax relief will apply for certain European organisations and introduced new HMRC requirements
- » The Scottish Government announced its intention to amend the Scottish Charity Accounting Regulations 2006, and OSCR produced an initial summary of proposed changes
- » OSCR's summary report on its Integrated Reporting consultation was published
- » In partnership with The Carbon Trust, OSCR prepared and published its first Carbon Management Plan.

## an accurate charity register

**We have published and maintained the definitive Scottish Charity Register since April 2006.**

---

The Register is published electronically and is updated on a daily basis at [www.oscr.org.uk](http://www.oscr.org.uk). It contains key financial and contact information for each of Scotland's 23,500 charities.

The information published on the Register encourages public confidence in charities by providing transparency, showing accurate information about charities that is easily accessible for anyone with Internet access. In 2009 we consulted on our proposed Integrated Reporting project, which aims to streamline reporting requirements for charities and to make it possible for them to submit annual monitoring returns to us electronically. The project also contains proposals to enhance the financial information which we make available about charities in the Register. Responses to our consultation were emphatically positive, and we are starting the required systems development work in 2010-11.

In 2009-10 we removed 181 charities from the Register which we believed to be no longer active. We also continued to publish a list of those charities late in filing their accounts, whom we classify as 'defaulting' charities on our website.

For the first time, bodies registered as charities in England and Wales were required to complete our Supplementary Information Return form, outlining their activities in Scotland. We will evaluate and report on these first returns by Autumn 2010.



# 656

**Number of bodies registered as charities in England and Wales entered in the Scottish Charity Register, at 31 March 2010.**

## case study

### accurate information secures funding

The Scottish Charity Register is consulted by a wide audience. This includes funders, who wish to confirm that applicants have charitable status and that funds are properly accounted for.

In 2010 we were contacted by a charity's trustees urgently seeking our help in updating their entry on the Register. The charity had failed to submit its accounts to us for two years, despite repeated reminders and the prospect of possible action by us. The charity's Register entry stated that the accounts for the past two years were 'Overdue'.

The charity had applied to a large funding body for a grant. The funding body had checked the details for the charity in the Register and was concerned to see its current status. The funder had given the charity 14 days to submit the necessary documentation to us, so that the Register entry could be updated, but they did not do this and their grant application was refused.

At that point, the charity's trustees sought our help in completing the Return forms, and provided us with the missing returns and accounts. Their Register entry was updated, and the charity's subsequent grant application to the large funding body was successful.

#### Key lessons

- » The Scottish Charity Register is consulted by a wide audience, including funders wishing to satisfy themselves that applicants are complying with our requirements
- » OSCR works with several funding bodies such as The Big Lottery Fund, Awards for All, and Creative Scotland. Such bodies regularly consult us and will not award grants to charities whose accounts are shown as 'Overdue' on the Register
- » Charity trustees should ensure that annual returns and accounts are submitted promptly, and that they regularly check their charity's entry in the Register.

# 952

**Number of charities removed from the Scottish Charity Register. This includes voluntary removals and removals due to non-compliance**

## granting charitable status

We continue to receive high numbers of applications for charitable status. In 2009-10 we granted status to 944 new charities, and based on current trends so far in 2010, we believe that future numbers of such applications will remain at this level.

---

We are seeing a number of trends emerging from applications:

- » there are an increasing number of applications which raise questions about private benefit (as shown in the case study on page 10)
- » Incomplete applications or those where we have to seek additional information significantly increase the time taken to arrive at a decision, causing frustration to applicants
- » In 166 applications submitted to us, applicants withdrew or failed to respond to correspondence, involving significant case work for OSCR but which did not lead to a decision on charitable status.

As part of the current phase of the Rolling Review, in 2008 we had directed six charities to amend their constitutions and directed a further four, all schools, to produce plans on how they intend to widen access and address fee levels. Those directed to amend their constitutions did so, and in November 2009 we confirmed that all four schools had produced acceptable plans outlining how they planned to address our concerns. We published a short update report about these cases in February 2010, and will make our final decision on the charitable status of the four schools in October 2011.

Moving forward, we have absorbed the Rolling Review process into our day to day work. We therefore do not intend to make any major 'group' announcements in the future. Selection of charities for Rolling Review will continue to focus on those groups where we believe there is a risk that the charity test may not be met. We continue to publish a list of those charities currently being assessed, at [www.oscr.org.uk](http://www.oscr.org.uk)

# 192

The number of charities removed from the Register and continuing to report on charity assets to OSCR as required under section 19 of the 2005 Act



**310**

**Number of complaints about charities received from external sources by OSCR in 2009-10**

**100%**

**Percentage of Annual Return and Monitoring Return forms validated by OSCR within two months of submission by charities**

## case study

### We refused an application for charitable status, on the grounds of private benefit

---

In 2009 we received an application for charitable status from an organisation affiliated to a professional football club. Two broad areas of activity were proposed:

- » to work within the community through football coaching in schools and in coaching camps, and
- » youth development work in under-13 and under-19 year old youth teams.

The objects of the organisation constituted charitable purposes since they could clearly be related to charitable purpose (h), ‘*the advancement of public participation in sport*’. However, while the proposed community work would be likely to provide public benefit in pursuit of this purpose, it was not clear that the proposed youth work would provide public benefit in this way.

In our *Meeting the Charity Test* guidance we state that an organisation’s activities must provide benefit in terms of **public participation** in sport. This means that a wide range of participants must be catered for in terms of skill, physical condition and age. Provision for elite or professional athletes *may* be acceptable as part of a range of provision, although this may still raise issues of private benefit.

In the case of the applicant, participation in the youth teams was:

- » based on ability
- » subject to a contract with the professional football club, and
- » only available to male players.

Participation was therefore **not** available to the public at large and we viewed this as an unduly restrictive condition.

We also identified that there was a potential private benefit to the professional football club from the youth team activities, in that a primary motive underlying the establishment of the charity was the club’s desire to offset costs. We also had concerns about the possible private benefit to the professional football club in developing players who were under exclusive contract to the club, and who may in the long term provide financial value to the club in the football transfer market.

# 1,131

Number of applications for charitable status this year. This compares to 1,118 in 2008-09

In addition, it was clear that at least some of the youth team's members were paid as a consequence of their contract with the football club. This was clearly a private benefit to the youth team members that was neither incidental nor necessary to the charitable purposes.

**We decided that the organisation failed the charity test** on the grounds of unduly restrictive conditions and private benefit. We therefore refused to enter it in the Scottish Charity Register. The applicants asked us to review the decision. On review, the original grounds for our decision were confirmed.

## Key lessons

- » Applicants for charitable status must meet the charity test set out in sections 7 and 8 of the 2005 Act
- » An organisation's purposes must consist only of one or more of the 16 charitable purposes listed in the 2005 Act
- » The organisation must provide (or, in the case of an applicant, intend to provide) public benefit in Scotland or elsewhere
- » OSCR must also consider any private benefit gained or likely to be gained, and any disbenefit incurred or likely to be incurred by the public
- » OSCR must also consider any unduly restrictive conditions where benefit is only to be gained by a section of the public.

## case study

### We processed an application for charitable status in four days

---

In February 2010 we received an application for charitable status from the River Ythan Trust, based near Ellon, Aberdeenshire. The organisation aimed to advance environmental protection and improvement by conserving freshwater fish primarily, but not exclusively, in the inland and coastal waters of the River Ythan catchment area; and to educate the public in the understanding of aquatic ecosystems.

Its stated charitable purposes were (m) *'the advancement of environmental protection or improvement'* and (b) *'the advancement of education'*.

The organisation provided us with the following material:

- » OSCR's completed application form
- » Charity trustees' declaration form
- » Copy of the Articles of Association
- » Copy of the signed Memorandum of Association
- » The organisation's Mission Statement and supplementary information on its activities.

We considered the private benefit that might attach to the salmon and trout fishery owners, some of whom were trustees of the River Ythan Trust. However, we decided that such private benefit was incidental to the wider public benefit provided; and that the involvement of the owners was a necessary condition for the success of the Trust.

The application was received by us on 8 February 2010, and our decision was made on 12 February. This was possible because the constitution and the mission statement, were in a standard form previously approved for this type of charity by OSCR and because the supporting information supplied was clear and comprehensive. We did not need to seek further information from the applicant.

We wrote to the River Ythan Trust on 12 February 2010 to confirm our decision, and entered it into the Scottish Charity Register with the charity number SC041269.

#### Key lessons

- » In certain circumstances, private benefit is permitted where this is incidental or necessary in the pursuit of the charitable purposes
- » Applications can be processed more quickly where correct documentation is supplied to us and we are not required to seek further information from the applicant.



**936**

**Number of consents requests  
submitted to OSCR**

## granting consent to changes

The number of existing charities applying for approval to take certain actions – such as a change of name, amalgamation or winding up – remained high.

---

The volume of such applications, 936 in 2009-10, suggests that charities generally are willing to comply with the legal requirements.

In light of the current economic climate, we anticipate that the number of charity reorganisation requests will increase. In particular, we expect that local authorities will begin to submit proposals to reorganise the charitable trusts they administer, to release charitable funds and better apply these to charitable purposes.

We have identified several cases in the past year where the trustees of charities applying to wind up have not been aware that they are personally liable for debts, as the charity is an unincorporated association.



# 21

Number of bodies refused charitable status by OSCR

## case study

### Charity trustees and personal liability

---

A small charity applied to wind up due to financial difficulties.

In 2009 we were contacted by the trustees of an after school club in the Edinburgh area, requesting that the charity be wound up due to financial difficulties and a drop in child numbers.

The charity trustees told us that they had a number of outstanding debts amounting to £1,500, which included charges for accountancy fees and transport at a Christmas event, as well as redundancy payments owed to two members of staff. The charity had enough funds to cover the accountant's fees and the trustees believed that the other debts could be cleared through the sale of assets to other charities.

During our discussions, it emerged that the charity's trustees were not aware that they were personally liable for the debts of the charity as it was an unincorporated association.

As the charity's trustees had the power to wind up the charity, we granted our consent. However, we reminded the charity's trustees of their obligations under the 2005 Act, including compliance with other areas of law, such as insolvency legislation. We also reminded them of their duty to notify us of the dissolution or the appointment of a receiver in respect of the charity's property. We further recommended that they seek professional legal advice as the charity's trustees remained potentially liable for the debts of the charity.

The charity wound up and was removed from the Scottish Charity Register.

#### Key lessons

- » Charities face financial pressure given the current economic climate. It is imperative that effective accounting and governance procedures are in place and are reviewed regularly
- » Charity trustees must be mindful of their duties and liabilities. For example, trustees of a charity that is an unincorporated association may be personally liable for outstanding debts where a charity fails or winds up
- » Charity trustees should regularly look at whether their charity's constitutional arrangements remain appropriate, taking into account changes in activities and any liabilities that may be incurred.

# monitoring, compliance and investigations

## Monitoring charity accounts

All charities are issued with an Annual Return Form and larger charities (with an annual income of £25,000 and more) also receive a Supplementary Monitoring Return Form that requests more detailed financial information. We carry out a basic completeness check on all incoming returns and accounts. We carry out a more extensive check on larger charities and operate a system of 'exception triggers' within our monitoring programme to identify apparent non-compliance with requirements and key issues arising within the sector, and raise any apparent issues with the charity trustees.

The table opposite shows the incidence of the exceptions being triggered within each broad category.

## Exception triggers for larger charities in OSCR's monitoring programme 2009-10

Exception	Percentage
Possible failure to apply funds for charitable purposes	38%
Poor liquidity or low reserves – threat to the charity's viability	28%
Transactions with trustees	17%
Large charity or major fundraiser	8%
Rapid growth or contraction in the charity's operations	3%
Adequacy of the charity's governance structure	3%
Trading company issues	3%

# 831

Number of consents granted by OSCR for proposed changes to charities. This compares to 1,384 in 2008-09

Our experience this year indicates that charities generally are mastering our reporting requirements. We have seen a major improvement in the quality of accounts submitted by charities.

In 2009-10, we continued to issue failure notices to those charities submitting non-compliant accounts. This reflects the fact that we are now in the fifth year of the reporting regime, and while the majority of charities are meeting our requirements, there appear to be issues of persistent non-compliance by a small proportion, as well as a continuing educational need for others.

### **Lessons learned: Non-compliant charity accounts**

This year we failed 912 sets of accounts due to unacceptable primary statements:

- » the Statement of Financial Activities (SOFA) or the Balance Sheet in the case of accrued accounts; or
- » the Receipts and Payments Account and Statement of Balances in relation to Receipts and Payments accounts.

The vast majority of these accounts were resubmitted in a compliant form and subsequently passed, allowing Register entries to be updated accordingly.

Some accounts were in a format where it was not possible, without an arithmetical calculation, to see whether the charity had operated within its income for the financial year. If OSCR's staff could not see clearly how the income compared with the expenditure, this raised a potential question of governance: in other words, whether charity trustees were provided with reports that clearly showed this essential information.

We were also made aware of several instances where members of the public felt there was reluctance on the part of charities to provide them with information as required under section 23 of the 2005 Act. In such cases we reminded the charities concerned of their legal duties in this area.

### **Key lessons**

- » Fully compliant accounts are essential for charity trustees in managing their financial resources. They also assist donors and the public in general, as they can readily see how the charity has performed financially
- » The public is entitled to financial information about charities, as set out in section 23 of the 2005 Act. Accounts therefore should be set out clearly and in a compliant form, in order to demonstrate the charity's achievements and to encourage public confidence.

---

## Compliance and Investigation

OSCR receives referrals from other regulators as well as complaints from members of the public. The upper diagram opposite shows the sources for our referrals and complaints about charities. These are broadly consistent with last year.

Our experience continues to be that wilful misconduct among charities is rare. We completed consideration of a total of 371 cases in 2009-10 arising from complaints or referrals. We remain committed to a proportionate approach, entering into discussions with charities where issues arise; but public confidence requires that we exercise our inquiry, and if necessary, intervention powers where appropriate. Our risk assessment process is used to determine those cases that can be addressed through compliance support, and those where investigation is more appropriate. Following full risk assessments, we carried out inquiries into 258 charities and identified 113 cases where no inquiry by OSCR was appropriate but a significant body of work was still undertaken.

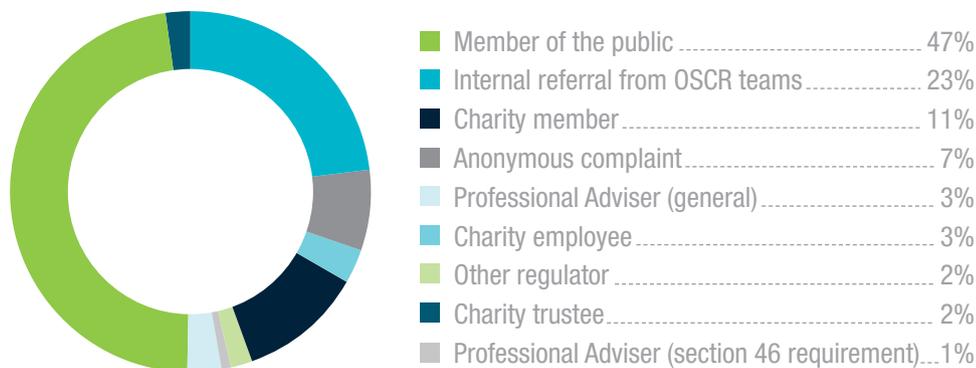
Our Inquiry and Intervention Policy, setting out those areas within our remit and what complainers and charities can expect from us, has recently been reviewed and is published at [www.oscr.org.uk](http://www.oscr.org.uk)

During 2009-10, the Compliance and Investigations team took action to remove from the Scottish Charity Register 181 charities that ceased to operate; and, together with the Monitoring Team, answered nearly 1,000 queries from charities and sector advisors.

# 3,655

The number of notifications from charities cleared by OSCR in 2009-10

## Sources of Inquiry referrals and complaints 2009-10



## Ten most prevalent issues in complaints received by OSCR 2009-10



## case study

### The Largo Trust

---

In September 2009 we concluded our inquiry into The Largo Trust, SC039911 and removed it from the Scottish Charity Register.

The Largo Trust's charitable purpose was to *'provide public benefit by the advancement of heritage and education'*. Key to this purpose was the purchase, restoration and preservation of Largo House and Estate, a derelict property of historic and cultural importance in Upper Largo, Fife.

The applicant and contact person was a Mr David Valentine, who acted as Clerk of the Trust. There was one named charity trustee, a Mr B.

In October 2008 we received the first of several complaints regarding the charity's failure to pay its creditors for work carried out or for services delivered. We were also aware of press coverage reporting public concerns about failed apprenticeship placements and sporting sponsorships entered into by the charity. OSCR does not generally become involved in service delivery or contractual issues. However, because of the volume and the nature of the complaints we received, we decided that there was a need to establish whether these issues were due to wider financial and governance issues within the charity. We therefore began an inquiry under section 28 of the 2005 Act.

OSCR conducted thorough inquiries, gathering information from a range of sources and established:

- » That the charity had failed to attract any additional charity trustees. We had had no contact with Mr B, nor was any contact address supplied for him. We therefore deemed David Valentine to be a charity trustee, as the only person in 'general management and control of the administration of its affairs'
- » That the charity's contact address was no longer correct. David Valentine did not provide us with another address, despite requests and the statutory duty to notify OSCR of any change in the principal office of the charity
- » The charity failed to purchase Largo House and Estate. There was no longer any prospect of the charity acquiring Largo House, and no likelihood that the charity would be able to carry out its intended activities in furtherance of its objects.

- 
- » The charity had insufficient directors to form a quorum and could not therefore legitimately conduct business
  - » We also considered that **disbenefit** had arisen, and that further disbenefit would be likely from the charity's activities and the allegations of mismanagement. Were the Largo Trust to continue to enjoy charitable status, there would be a strong possibility of further adverse publicity, resulting in damage to the reputation of the charity sector. This would result in disbenefit to the charity sector in general and therefore to the wider public.

We decided that The Largo Trust no longer met the charity test as it appeared to us that it did not provide public benefit, nor offer any reasonable prospect that it would do so. We therefore removed The Largo Trust from the Scottish Charity Register.

### Key lessons

- » **Charities must provide public benefit.** Those applying for charitable status should consider the feasibility of achieving their stated objectives. In the case of The Largo Trust, its failure to purchase Largo House and Estate removed any realistic prospect of meeting its objectives
- » Charities must meet the requirements of their own constitutions. The Largo Trust failed to appoint further charity trustees and therefore could not legitimately conduct business. Guidance on the duties of charity trustees is available at [www.oscr.org.uk](http://www.oscr.org.uk)
- » OSCR will exercise its full statutory powers where appropriate. We consider complaints and referrals in line with our Inquiry and Intervention Policy, which can be viewed at [www.oscr.org.uk](http://www.oscr.org.uk).

## advising ministers

One of our statutory functions is ‘to give information or advice, or to make proposals, to Scottish Ministers on matters relating to OSCR’s functions’.

---

Our experience as Regulator has enabled us to contribute very directly to the ongoing development of charity law.

We took part in the Scottish Government’s working group on how best to implement the regime for Scottish Charitable Incorporated Organisations (SCIOs).

We also worked with the Scottish Government’s Charity Law Team on the development of the detailed provisions of the Public Services Reform (Scotland) Bill and on the detail of proposed new accounting Regulations, as well as other technical Regulations still to be introduced to implement fully the 2005 Act.

In respect of the 2005 Act itself, we made a number of specific recommendations which were accepted by Ministers, for example:

- » We restated our longstanding recommendation that charities should be permitted to use their funds to provide trustees with **indemnity insurance**
- » We recommended that **OSCR should have the power** to vary or revoke a Direction issued under section 30

of the 2005 Act, which requires a charity to take action to comply with a Direction or be removed from the Scottish Charity Register. This would allow OSCR **to act with more flexibility**, taking account of any changes which occur during the period of the Direction.

It is pleasing to record that the Public Service Reform (Scotland) Act 2010 incorporated these and a number of other OSCR recommendations. The changes will come into effect during 2010-11.

In our Annual Report and Accounts 2009-10, we identified further areas which we considered Ministers should be aware of, and perhaps to act upon. Specifically we recommended that:

- » All uses of **the terms ‘charity’ or ‘charitable’ in pre-2005 charity constitutions** should be interpreted as including the meaning of these terms in both the 2005 Act and tax legislation, to save charities from the work needed in making technical changes to their constitutions

- » Section 31 of the 2005 Act should be amended to **allow OSCR to make positive directions** requiring a charity’s trustees to undertake specific actions in respect of the charity, **to protect charitable assets or address misconduct**
- » The charity test should be expanded to require an applicant body or **charity to have some connection with Scotland**
- » Section 17 of the 2005 Act should be extended to **require a charity** giving notification of a change in principal office or contact **to also provide an alternative principal office or contact address** at the time of notification
- » **Organisations engaged in public collections** should be required to state positively whether or not they are a charity
- » There should be a **wide-ranging review of the 2005 Act** within the next five years.



**89%**

**Complaints about charities  
resolved within 9 months,  
against a target of 75%**



## positive engagement

**In 2009-10 we continued to publish a range of guidance material aimed at providing support to charity trustees in complying with the legislation.**

---

We produced a total of 21 publications during the year. All our guidance material is published electronically at [www.oscr.org.uk](http://www.oscr.org.uk)

Our website remains our primary communications vehicle. Our electronic newsletter, OSCR Reporter, is issued every two months to over 7,500 subscribers. We maintain a productive and professional relationship with the media and look to develop this further in the coming year.

Our annual open meeting in 2009 was held at the Glasgow Royal Concert Hall and was attended by 250 charity trustees and advisers. Minister for Community Safety, Fergus Ewing, delivered the keynote address. We continued to establish the views of charity trustees and the general public through our independent external stakeholder surveys. The results of the surveys, conducted in February 2010, were published in October 2010 and inform our activities. We have also consulted

extensively on different aspects of our work, particularly the proposals for Integrated Reporting. In March 2010 we were successfully reaccredited as an Investor in People, achieving Bronze Level status, which is awarded to organisations demonstrating best practice in people management. We also participated in the UK Civil Service People Survey, recording high levels of staff engagement. In March 2010 we published our first Carbon Management Plan, in partnership with the Carbon Trust.

# 9

**Number of formal complaints made about OSCR. This is the same number as in 2008-09**

## working with others

**We have continued to work with other bodies, sharing our experience and best practice, and ensuring consistent and co-ordinated regulation. Our aim is to reduce the regulatory burden of multiple reporting where possible.**

---

We continue to maintain Memoranda of Understanding and effective co-operation with bodies such as HM Revenue and Customs, the Scottish Housing Regulator and the Care Commission. A full list of our current MOUs is published at [www.oscr.org.uk](http://www.oscr.org.uk)

We meet regularly with the other charity regulators in the UK and Ireland, through the Charity Regulators' Forum. Our Chief Executive participated in the International Regulators' Conference, allowing us to gain an international perspective and to share our experience from Scotland with those currently developing a new framework in other countries.

As the joint UK Charities SORP (Statement of Recommended Practice) making body with the Charity Commission for England and Wales, we responded to the Accounting Standards Board consultation on proposed changes to the UK Generally Accepted Accounting Practice (GAAP), including a separate submission that provided a specifically Scottish perspective. With the Charity Commission, and in consultation with users, we will be taking forward the development of the new SORP in 2010-11 alongside the work being undertaken by the ASB in developing a Public Benefit Entity standard.



# 97%

**Percentage of consents applications decided within the statutory deadline**



**6**

Number of reviews requested  
on OSCR's decisions

## designed to deliver

In 2009 we implemented a staffing programme called ‘Designed to Deliver’. This introduced a new ‘four team’ staff structure, to improve efficiency and focus more effectively on meeting our objectives.

---

We established a new **Policy and Development Team**, to co-ordinate policy and development and specifically to reinforce engagement with the sector through a dedicated Outreach Programme. The Policy and Development Team also leads our Integrated Reporting project, which aims to streamline reporting requirements for charities, and enhance the information made available to the public about charities on our website. In August 2010, **Quentin Fisher** was appointed as Head of Policy and Development.

As part of the same restructuring, the Resource Management Team was renamed the **Corporate Services Team**, to reflect more accurately its internal support function. The team is responsible for our Communications, IT and Finance and Estates functions, and also incorporates the Register team which maintains an accurate Scottish Charity Register and deals with monitoring of smaller income charities. The Data Acquisition staff are also part of the Corporate Service Team, which is headed by **Judith Hayhow**.

Monitoring and Investigation was renamed the **Enquiry and Investigations Team** to reflect its new focus. The team incorporates our Monitoring and Compliance functions and in 2010, **Laura Anderson** was appointed Head of Enquiry and Investigations.

The **Charity Services Team** continues to consider applications for charitable status and to grant consent to proposed changes by charities. In due course the team will also consider new applications and transfers to SCIO status. In 2010, **Martin Tyson** was appointed Head of Charity Services Team.

# 944

Number of bodies granted charitable status by OSCR this year. This compares to 1,008 in 2008-09

## future milestones

---

### October 2010

- » launch of OSCR's Outreach Programme to intermediaries, professional bodies and charity trustees
  - » OSCR's Annual Open Meeting held at Murrayfield, Edinburgh
  - » expected publication of the Scottish Government's draft regulations for Scottish Charitable Incorporated Organisations (SCIOs)
- 

### 2011

- » Commencement of new Accounting Regulations for charities
  - » Autumn, revised reporting for charities introduced (Integrated Reporting)
  - » OSCR's decision on the four schools issued with Directions in October 2008
-

## oscr's board

---

In 2009-10 two OSCR Board Members retired – Martin Crewe and Iris McMillan. Chair John Naylor and Annie Gunner Logan had their appointments renewed by Ministers and there were two new Members appointed – Professor David Harrison and Kaliani Lyle.

Information about OSCR's Board, including biographies of Board Members, is available at: [www.oscr.org.uk](http://www.oscr.org.uk)



Chair John Naylor



Oscar Mendoza



Fiona Ballantyne



Annie Gunner Logan

---



Prof David Harrison



Deputy Chair  
Lindsay Montgomery



Kaliani Lyle



David Hughes Hallett

---

# 121

Number of charity reorganisation applications made to OSCR. This compares to 94 in 2008-09



# five things to remember

---

## How to get it right – based on OSCR's experience as Scotland's charity regulator

- 1.** Tell OSCR about any change in principal contact – to make sure that your Register entry is up to date
- 2.** Make sure your accounts are independently examined or audited – or we will fail them!
- 3.** Submit your Annual Return and Accounts within 9 months of your accounting year end
- 4.** It's other people's money – the public is entitled to see your constitution and your latest set of accounts
- 5.** Finally, make sure that all of your charity's trustees have read and fully understood your constitution – and review it regularly to make sure it's still fit for purpose.



**OSCr**

Office of the Scottish **Charity Regulator**

2nd Floor  
Quadrant House  
9 Riverside Drive  
Dundee  
DD1 4NY

**P.** 01382 220446  
**E.** [info@oscr.org.uk](mailto:info@oscr.org.uk)  
**W.** [www.oscr.org.uk](http://www.oscr.org.uk)



HAPPY TO **TRANSLATE**



INVESTOR IN PEOPLE

APS Group Scotland  
144534 (09/10)