Scottish Charity Regulator (OSCR)

Inquiry report made under Section 33 of the Charities and Trustee Investment (Scotland) Act 2005

Edinburgh Social Enterprise Network Limited SC044030

1. Background

Edinburgh Social Enterprise Network Limited Scottish Charity Number SC044030 has been registered as a charity since 28 May 2013.

The charity's objects are to advance community development, promote the voluntary sector and the effectiveness/efficiency of charities, and advance education by:

1. Providing opportunities for social enterprises to learn how to run their businesses better (including – but without limitation – by facilitating action learning and the exchange of information).
2. Providing opportunities for social enterprises to grow their businesses (including – but without limitation – initiatives that identify trading opportunities and facilitate joint trading opportunities).
3. Promoting goods and services provided by social enterprises; and on the basis that the business of the Society will be carried on for the benefit of the community within Edinburgh.

2. Concerns received by OSCR

Between April and May 2024, OSCR received concerns about the governance of the charity. These were assessed in line with our standard procedures to identify any regulatory matters for us to deal with.

Our assessment of the concerns indicated that there were some regulatory issues that we needed to make inquiries about, namely:

- An allegation of a dominant trustee

- Governance concerns – including concern that the charity had been acting out with the powers of its governing document
- Conflict of interest
- Recording of trustee meetings

3. OSCR's inquiry

We determined that the concerns were a regulatory matter and required further investigation. We opened an inquiry into the charity in May 2024.

Through correspondence with the charity, we established that the trustees had to manage a complex and protracted HR issue in late 2023 and early 2024.

Throughout the handling of that issue, the trustees took external advice and engaged an external HR professional to support the required work. The trustees also undertook an independent governance review in June 2024 and commissioned an independent advisor to carry out a governance review of the charity which was completed in August 2024. All board members completed the Scottish Council for Voluntary Organisation's Good Governance toolkit which was then reviewed by the independent advisor with a summary produced and discussed. The advisor also reviewed ESEN's constitution. The constitution was amended in March 2025 at the AGM as a result of this review.

4. Findings

From our inquiries, we concluded that the charity trustees acted with the care and diligence required of charity trustees acting under the Charities and Trustee Investment (Scotland) Act 2005.

OSCR has found no evidence of wrongdoing in relation to the governance of the charity.

We have received updates and supporting documentation in relation to the governance review and changes the charity trustees have implemented in 2024-2025, including:

- Chair and treasurer role descriptions have been reviewed and updated
- A code of conduct has been developed for Board members including conflicts of interest to be declared which is reviewed at the start of each Board meeting
- An induction process for new charity trustees has been put in place
- A recruitment programme for new trustees has been put in place which

includes a role/person specification and information pack. As a member led organisation this will help members to understand the role of trustee and the duties involved.

- A Trustee Handbook has been prepared
- Standard agenda items such as horizon scanning and an action log. are now included for Board Meetings to support good governance
- The governing document of the charity has been reviewed and updated
- There have been changes to those trustees who had held the role of office bearer for a considerable period of time.

5. Learning points for the wider charitable sector

- Charity trustees are the people who have general control and management of the charity and are responsible for making sure that the charity works to achieve its charitable purposes. The conduct of charity trustees can have a significant impact on the reputation of the charity.

- It is important for charity trustees to always act in the interests of the charity. More information can be found within our Guidance and Good Practice for Charity Trustees. Charity trustees must ensure they understand the terms of the charity's constitution and operate in line with it.

- Charity trustees should ensure that all policies and procedures are regularly reviewed and updated when required. This ensures they remain fit for purpose in light of any different circumstances or changes that may have occurred since the last review.

- All charities should have a trustee induction pack in place, which includes the charity's governing document, copies of the charity's previous annual reports and accounts and minutes of previous trustee meetings. A good induction process will set the groundwork for trustees appropriately fulfilling their role, actively contributing to good governance and ongoing learning and development.

- It is important for charity trustees to seek appropriate support from sector advisors or specialists to deal with complex or challenging issues to avoid these escalating and potentially affecting the reputation of the charity.

- Reviewing office bearer positions periodically is considered good practice for several important reasons:
    1. Ensures effective governance and supports organisational resilience

2. Encourages fresh perspectives
3. Supports succession planning
4. Promotes accountability
5. Aligns with regulatory expectations
6. Identifies training or support needs

OSCR

October 2025