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1 Introduction

Welcome to OSCR’s second profile of Scottish charities. This profile draws on information collected over OSCR’s first two years of regulatory operations and provides a comparison with our first profile Scottish Charities 2005.

We first published the statutory Scottish Charity Register in April 2006 drawing on information originally provided by Her Majesty’s Revenue and Customs (HMRC). Over the past two years we have undertaken a major programme to ensure the accuracy of the Register, removing over 8,000 charities, issuing two cycles of Annual Returns and adding over 2,000 newly registered charities.

We now publish an accurate Scottish Charity Register populated by active charities, reporting annually to the Regulator.

Scottish Charities 2008 analyses data collected from almost 24,000 charities through OSCR’s Annual Return process. The Annual Return asks for basic information about the charity including its purposes, income and operating location. The information is similar to that collected to produce Scottish Charities 2005 and therefore allows some comparison and identification of initial trends.

In addition, charities with an income greater than £25,000 complete a Supplementary Monitoring Return asking for further financial information. For the first time we have been able to include this data as part of the profile, and will be able to build on this for future comparison.

The information is based on self-assessment by charities’, although each of the returns is checked through an internal review at OSCR. Our cut-off point for the purpose of this analysis was 19 March 2008. In total 23,806 charities’ details were analysed on the basis of the full Annual Return and 7,158 charities’ details in relation to the more detailed Supplementary Monitoring Return. Of these, 2,114 were new charities.

The report is divided in three sections. Analysis is presented on a national basis, and this is then supported with regional analysis. Both sections show comparisons with the 2005 profile. For the first time, the report also analyses the more detailed financial information from charities with an income greater than £25,000.

As with the 2005 profile, the 2008 profile shows a consistent pattern of activity across the country, with some interesting regional variations. We hope this is an informative and useful report which will significantly improve understanding of this complex and varied sector.
23,806 charities were registered with OSCR at the time this profile was produced.

OSCR has granted charitable status to 2,114 charities since 24 April 2006.

355 of those new charities are charities whose primary regulator is the Charity Commission for England and Wales.

There were 7,763 charities removed by OSCR from July 2006 to March 2007. These charities could not be traced through our search processes and failed to make contact with OSCR.

From April 2006 there have been a further 1,841 charities removed as a result of winding up or amalgamation with another charity.

38% (40% in 2005) of all charities in Scotland reported that their headquarters or main operating location was in Edinburgh, Glasgow, Highland or Fife.

93.7% of total charitable sector income is reported by 5.6% of all charities (In 2005, 91% of total charitable sector income was reported by 5% of all charities).

56% (38% in 2005) of charities reported an email contact - a significant increase over the past 3 years.

24% (17% in 2005) of charities reported that they have a website, demonstrating a marked increase in transparency.

The greatest proportion of charities at 47% reported that their charitable purpose was working to advance education.

Scottish charities have a community focus with almost 50% of charities reporting that their activities benefited people in a specific local point. Furthermore, approximately 46% (40% in 2005) of charities indicated that they worked to benefit children.

The average Scottish charity pursues between 2 and 3 (2.6) charitable purposes and works for the benefit of between 1 and 2 (1.7) beneficiary groups.

3.5% (3.4% in 2005) of charities indicated that they have a connected trading company.

38% (33% in 2005) of charities reported that their accounting year end was in March and a further 21% (23% in 2005) indicated that their accounting year end was in December.

21% (21% in 2005) of charities reported that they have a parent organisation.
Income distribution across the sector

The following chart illustrates the scale of charities in terms of income and the distribution of income across the sector. Approximately 84% of all charities reported their income to be between £0 and £99,999. A total of 5.6% of charities reported gross annual income greater than £500,000, representing 94% of total sector income.

Income distribution across the sector - all charities

The chart below shows the income distribution for the sector excluding cross border charities. The total income for the 355 cross border charities is £5,057,736,297.

Income distribution across the sector - excluding cross border charities
Excluding the cross border charities, 4.7% of charities reported gross annual income greater than £500,000 representing 90% of total sector income. The differences in income distribution between the cross border charities and remaining charities are reflected in the average income per charity: the average gross income for cross border charities is £14.2 million while for the remaining charities it is £338,000. For examples of different categories of charities, see page 10.

Charitable purposes

The three most frequently cited charitable purposes of Scottish charities are:

1. The advancement of education [2005 ranking: 1]
2. The advancement of citizenship or community development [2005 ranking: 3]
3. The advancement of the arts, heritage, culture or science [2005 ranking: 2].

This is the same top three as reported in 2005, although the advancement of citizenship or community development has increased to become the second largest purpose and the advancement of the arts, culture or science has decreased slightly.

The following chart shows the number of charities progressing each of the charitable purposes, broken down into existing and new charities. The profile of new charities mirrors that of existing charities.

Charitable purpose - all charities
The following chart shows the proportion of charities which pursue each charitable purpose and the percentage of total income attributable to each of the charitable purposes. For the chart it is assumed that charities which pursue multiple purposes assign their income equally between each of their purposes.

### Charitable purpose

<table>
<thead>
<tr>
<th>Purpose</th>
<th>% of all charities</th>
<th>% of income</th>
</tr>
</thead>
<tbody>
<tr>
<td>The advancement of education</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>The advancement of citizenship or community development</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>The advancement of the arts, heritage, culture or science</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>The advancement of health</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>The advancement of heritage, arts, culture or science</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>The advancement of religion</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>The prevention or relief of poverty</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>The advancement of human rights, conflict resolution or mediation</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>The advancement of health</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>The advancement of religion</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>The prevention of religious or racial tension</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>The advancement of education</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>The advancement of human rights, conflict resolution or mediation</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>The advancement of health</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>The advancement of religion</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>The prevention of religious or racial tension</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>The advancement of education</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>The advancement of human rights, conflict resolution or mediation</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>The advancement of health</td>
<td>50%</td>
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</tr>
<tr>
<td>The advancement of religion</td>
<td>40%</td>
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<tr>
<td>The prevention of religious or racial tension</td>
<td>30%</td>
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<td>The advancement of human rights, conflict resolution or mediation</td>
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<tr>
<td>The advancement of health</td>
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<tr>
<td>The advancement of education</td>
<td>50%</td>
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<td>The advancement of human rights, conflict resolution or mediation</td>
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<td>The prevention of religious or racial tension</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>The advancement of education</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

The charitable purposes that receive the greatest proportion of total sector income are:

1. the advancement of education [2005 ranking: 1]
2. the relief of those in need [2005 ranking: n/a, was previously the provision of accommodation and the provision of care]
3. the advancement of health [2005 ranking: 4].

Since 2005, the advancement of heritage, arts, culture and science has slipped in ranking from 2 to 4.

The average number of charitable purposes reported per charity is 2.7. This information is currently based on self-assessment by charities. As part of the Rolling Review process OSCR is encouraging charities to renew their charitable purposes and ensure that these are appropriate in terms of current aims and aspirations. This will ensure that the Scottish Charity Register is continuously updated and reflects charities’ current purposes.
Activities undertaken by Scottish charities

The delivery of activities and services by charities is the main function reported by Scottish charities. Approximately 76% of charities indicated that they undertook this activity in 2008, which is a small increase from 75% in 2005. The following chart shows the type of activity. The percentages shown in the chart amount to more than 100% as charities can report multiple activities.

Type of activity

The following pie chart shows the distribution of income by types of activity. Approximately 62% of income reported by the charity sector is utilised in the direct delivery of activities and services by charities. The remaining 38% of income is distributed to individuals and organisations via donations and grants.

Distribution of income

Since 2005, there has been a 5% increase in the distribution of income from charities which make grants to individuals and organisations. Some 33% of new charities and 45% of cross border charities distribute their income in this way.
Beneficiary groups and resources available

The greatest proportion of charities target resources to benefit children and young people; and the community, with 46% of charities stating that they work towards the benefit of each of these groups. In 2005, the greatest proportion of charities (48%) worked to benefit the community. The lowest proportion of charities work to benefit people of a particular race or ethnic group, also the position in 2005.

The chart below shows the relationship between the charities’ income and beneficiary groups. The income profile of the sector shows that the greatest proportion of income is targeted for the benefit of communities, which is consistent with the 2005 findings. For the chart it is assumed that charities which work to benefit multiple groups assign their income equally between each of their beneficiary groups. These figures should therefore be noted with a measure of caution.

Of the charities that pursue the provision of recreational facilities 63% cite children/young people as a beneficiary group.
Constitutional form and size of organisation

A total of 56% of charities reported that they were 'unincorporated associations'. A further 18% reported that they were a 'trust', and 18% reported that they were a 'company'. The breakdown of charities by constitutional form for 2008 is very similar to the 2005 profile.

Constitutional form

The 2005 Act encompasses the introduction of a new constitutional form, the Scottish Charitable Incorporated Organisation (SCIO). We will monitor the impact of SCIO's as a legal form and whether this will provide an attractive alternative to other constitutional forms.

Size of charities by constitutional form

The chart below illustrates the number of charities in each defined income bracket for the three most common types of constitutional form, i.e. unincorporated associations, trusts and companies. Unincorporated associations and trusts follow a similar pattern with the majority reporting gross incomes of less than £100,000. Conversely, there are a greater number of companies with charitable status reporting gross income of between £100,000 and £499,999 than in the other income ranges.

Charity income by constitutional form
Largest charities

Every three months, OSCR publishes a list of the largest 300 charities by gross income, on its website www.oscr.org.uk. The largest three per group are noted below:

<table>
<thead>
<tr>
<th>Largest higher education charities</th>
<th>Largest further education charities</th>
<th>Largest registered social landlords</th>
<th>Largest cross border charities</th>
<th>Other large charities</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Edinburgh</td>
<td>University Board of Management of Aberdeen College</td>
<td>Glasgow Housing Association</td>
<td>British Council</td>
<td>The Church of Scotland</td>
</tr>
<tr>
<td>University of Glasgow Court</td>
<td>University Board of Management of James Watt College</td>
<td>Castle Rock Edinvar Housing Association Ltd</td>
<td>The Open University</td>
<td>Scottish Arts Council</td>
</tr>
<tr>
<td>University of Strathclyde</td>
<td>Adam Smith College</td>
<td>Bield Housing Association Ltd</td>
<td>Oxfam</td>
<td>Moffat Charitable Trust</td>
</tr>
</tbody>
</table>

Geographical spread of activity

The charities were asked to indicate the geographical spread of their activity. The following pie chart illustrates that 45% of charities deliver activities and services in a defined neighbourhood or community, while 22% stated that their activities were spread within one local authority. There were 302 (1.2%) charities operating overseas only. Despite the larger number of charities, the geographic spread of charity activity for 2008 is almost identical to the geographic spread of activity for 2005.
OSCR has granted charitable status to 2,114 charities since April 2006. The following chart shows the head office or main operating location of the new charities.

**Location of new charities**

As noted earlier, the profile of geographical spread for new charities closely follows the sector (see chart on page 10).

Charitable purposes for new charities are identified on page 5.
The distribution of charitable purposes and beneficiary groups is relatively consistent for charities across local authority areas in Scotland.

The Highland area most closely approximates the national average in terms of the proportionate break down of charitable purposes.

In terms of beneficiary group, Midlothian most closely approximates the national average.

Shetland Islands reports the greatest number and greatest income for charities per 10,000 of population, as in 2005.

North Lanarkshire has the lowest number of charities per 10,000 of resident population.

Aberdeenshire reports the lowest income for charities per 10,000 of resident population.

Charitable purposes

Advancing education was the most commonly reported charitable purpose in every area of the country with the exception of the Shetland Islands where the most commonly reported charitable purpose was the advancement of citizenship or community development.

Argyll and Bute has the highest proportion of charities working to advance environmental protection or improvement with 16% of charities in the area concerned with this purpose.

Beneficiary groups

In half of all local authority areas, the community is the most commonly reported beneficiary group. In the other half of local authority areas ‘children’ was reported as the most commonly reported beneficiary group.

Activity

In all areas of Scotland, the most commonly reported activity by charities is carrying out services for themselves.

Charities in the Western Isles are least likely to distribute grants or donations to individuals, while charities in Perth and Kinross are the most likely to do so.
Activity across the country

The map above illustrates the level of local activity undertaken by Scottish charities in each of the local authority (LA) areas. This is defined as charities which reported that their activities were delivered within one local authority area.
The following chart illustrates the number of charities in each local authority area per 10,000 of population and is drawn from the Annual Return figures.

The following two charts are consistent with those charities profiled in the 2005 publication.
Charity income in local authority area

The chart below illustrates the level of income reported per 10,000 people resident in each local authority area. It was clear from the Annual Returns that there was double-counting in terms of gross income reported, which is largely related to the number of charities with parent or subsidiary organisations and grants being provided to other charities. In order to address this issue, the analysis only considers income reported by charities which indicated that their services and activities were delivered in one local authority area.

This is not a complete picture of charity income across Scotland. It does not include large national organisations or cross border charities. It is best viewed as a picture of local and community activity.

Charity income per 10,000 of population in each local authority area
Charitable purpose

- The highest average number of charitable purposes per charity occurs in East Renfrewshire, Glasgow and West Dunbartonshire, which each average more than 3 charitable purposes per charity. Compared to the national average of 2.7.
- 2,077 charities in Edinburgh are concerned with the advancement of education.
- Clackmannanshire has 20 charities which are concerned with the provision of recreational facilities or the organisation of recreational activities.
- 622 charities in the Highlands are concerned with the advancement of citizenship or community development.

Beneficiary groups and activities

- 682 charities in Glasgow indicated that they are working for the benefit of people with disabilities or health problems.
- 205 charities in Aberdeen make grants, donations, loan gifts or pensions to individuals.
- 36 charities in East Renfrewshire are working for the benefit of people of a particular ethnic or racial origin.
- Charities in the Western Isles cite an average of 2 beneficiary groups each compared to the national average of 1.7 beneficiary groups per charity.
There are currently 355 charities identified as being cross border charities. Cross border charities are charities which are registered with the Charity Commission for England and Wales and are also registered with OSCR in Scotland. The chart shows the charitable purposes of the cross border charities in comparison to all charities registered with OSCR, showing significant numbers concerned with education or those in need.
The chart below shows the beneficiary groups for cross border and all charities.

Beneficiary group - cross border charities

- The community: 50% (All), 40% (Cross border)
- Children / young people: 40% (All), 30% (Cross border)
- People with disabilities or health problems: 30% (All), 20% (Cross border)
- Other defined groups: 20% (All), 10% (Cross border)
- Older people: 10% (All), 0% (Cross border)
- Other charities / voluntary bodies: 0% (All), 0% (Cross border)
- People of particular race or ethnic origin: 0% (All), 0% (Cross border)
Charities with income greater than £25,000

Charities with an income greater than £25,000 per annum are required to complete a supplementary monitoring return form, which includes information relating to balance sheets, staff and trustees. The following findings were of note:

- 7,158 charities completed the supplementary monitoring return form
- The average number of trustees per charity is 13
- 58% of charities are engaged in fundraising
- 2% of charities paid agencies for fundraising or donor recruitment
- Approximately 160,000 people are employed by these charities (as charities have the option of declaring a headcount or whole-time-equivalent it is not possible to be exact regarding the employment level).

The following chart illustrates the geographic location of the 7,158 charities which completed the supplementary monitoring return. This does not include cross border charities. We will introduce monitoring of these charities in 2009.

Location of charities completing supplementary monitoring returns
The chart below shows the proportion of charity income from donations and government funding for local authority areas. The chart shows that there is significant variation across the different local authority areas.
Charities with an income greater than £100,000

Charities with an income greater than £100,000 are required to provide additional information in the supplementary monitoring return relating to income and expenditure. A total of 3,051 charities provided this additional information. The pie charts below illustrate the breakdown of income and expenditure across these charities.

Breakdown of income

- **Government funding**: 44%
- **Income from a charitable activity**: 29%
- **Income from trading**: 5%
- **Donations, fundraising and legacies**: 13%
- **Interest and investment income**: 4%
- **Other**: 5%

Breakdown of expenditure

- **Charitable activities**: 82%
- **Grants and donations made**: 5%
- **Other**: 2%
- **Cost of trading**: 5%
- **Generating other income**: 2%
- **Generating voluntary income**: 2%
- **Governance costs**: 2%
The following chart shows the charity issues which are of ‘a lot’ of interest or concern to the public. This information was drawn from OSCR’s 2008 survey of the general public and the charity sector. For further information on these surveys please visit www.oscr.org.uk

Charity issues of interest and concern

<table>
<thead>
<tr>
<th>Charity Issues</th>
<th>% of response ‘answer ‘a lot’ of interest/concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundraising</td>
<td>20%</td>
</tr>
<tr>
<td>Keeping accounts</td>
<td>60%</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>60%</td>
</tr>
<tr>
<td>Financial irregularities</td>
<td>60%</td>
</tr>
<tr>
<td>Purpose</td>
<td>50%</td>
</tr>
<tr>
<td>Doorstep collections</td>
<td>30%</td>
</tr>
<tr>
<td>Street collections</td>
<td>20%</td>
</tr>
</tbody>
</table>

% of response ‘answer ‘a lot’ of interest/concern
One of OSCR’s strategic objectives is to increase transparency and public accountability of charities, and this profile of Scottish Charities in 2008 aims to provide a more rounded and more detailed profile of the sector than we were able to provide in 2005.

What it does not attempt to do is report on levels of compliance with the legislation, and this we address elsewhere. On an individual basis, it is possible to examine each charity’s entry on the Register to establish whether or not they have submitted an acceptable Annual Return and Accounts. Later in 2008 we will be publishing general studies which report on overall compliance levels for smaller charities with an income under £25,000, and larger charities with incomes over £25,000.

OSCR has a statutory responsibility to maintain the Scottish Charity Register and we are continuously seeking ways to improve the quality and breadth of the information we make available. Comparing this report with that published in 2005 demonstrates that we have made significant progress in this area, but we intend to keep this in review. We will therefore be consulting extensively in 2009 to establish what are both charity and public priorities, and how we can best capture and present relevant information, including whether we might expand the Register.

We welcome comments on this profile and suggestions for additional research or information readers would like to see OSCR publish in future.

Jane Ryder - Chief Executive