

# Annual Report & Accounts 2020-21

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# Performance overview and analysis

## Introduction by the Chair

### Welcome to our Annual Report and Accounts for 2020-21.

It may surprise some of you who opened this Report expecting to see Lindsay Montgomery CBE's introduction to hear from me instead so this is also an opportunity for me to introduce myself. I was appointed to the role of Interim Chair in April 2021, following Lindsay's resignation for health reasons. I wish to thank Lindsay for the considerable contribution he made as Chair of OSCR between February 2019 and March 2021. During that time, he led the organisation through a period of substantial change, both as a result of the COVID Pandemic, but also through an organisational redesign and governance review. The work which he, his fellow Board Members and the whole team at OSCR undertook has laid very firm foundations for the organisation, which as Interim Chair I look forward to building on.

We are entering the second year of our Corporate Plan, and our priority remains the delivery of our corporate objectives in a flexible way which recognises and responds to the challenges faced by so many charities since 2020, whilst still engendering trust in the sector by the public. I look forward to working with the Board, CEO and staff in 2021 and to ensuring that OSCR continues as a forward looking, positive, empowering regulator.

As we know the pandemic has affected life in so many ways from the economic impact to the significant impact on health. The charitable sector, whilst proving be resilient in many ways, has certainly been impacted too. And yet, our report on the "State of Sector" has shown that Public trust in Scottish charities is at the highest level since OSCR began to measure this in 2009. With an annual income of £13.17 billion\* and over 208,977 staff, the Scottish charity sector is a similar size to the Scottish NHS. There is a wide diversity of charities in Scotland, which make a very significant contribution to so many of us as well as to the Scottish economy.

I would like to take this opportunity to thank the whole staff team, the leadership team and the Board of OSCR for their hard work and focus

over the past year in what can only be described as unprecedented times. I would also like to recognise the work of all the Charity Trustees, staff and volunteers across Scotland who have worked tirelessly to ensure their organisations deliver for those they seek to serve.



**George Walker**  
Interim OSCR Board Chair

\* based on all charities listed in the Scottish Charity Register

# Chief Executive's Welcome



**Maureen Mallon**  
**OSCR Chief Executive and Accountable Officer**

**The past year has been full of mixed emotions for all of us. As I think back over the past twelve months, foremost in my thoughts is the pride I have for the team at OSCR.**

I am not only proud of the work they have undertaken to maintain our professional support for charities throughout some very challenging circumstances, but for the commitment they've made to prepare for the brighter future ahead.

At the beginning of this year Scotland was in lockdown, and many of us were creaking under the personal and professional strains that were placed upon our shoulders. I am proud of the way that our team stepped up to the challenge, and strove to adapt our processes and ways of working to cope with the changing environment around us. This was incredibly difficult in the early stages of this situation, but with perseverance, professionalism and hard work we reshaped OSCR from an organisation based around an office-based culture to one that is now equipped for the flexible, hybrid-working approach which will underpin every successful organisation.

At the same time as reacting to change around us, we have continued to make significant progress in delivering on our own agenda over the course of this year. We have introduced our new organisational structure to develop a cross-

disciplinary approach to our regulatory work, which is already allowing us to identify, assess and complete low-risk casework more efficiently, and focus our resources onto preventing and resolving more challenging cases. We have made significant progress in delivering our Digital Strategy, and in particular developing our replacement to 'OSCR Online'. Due to be rolled out in late Summer 2021, this new system will make it easier for charities to fulfil their responsibilities in terms of regulation, while increasing the flexibility, efficiency and effectiveness of our own internal processes.

In my last report I said that I hoped to use the 2020-21 Annual Report to provide an update not just on how we had achieved our core business goals, but also met the challenges which have emerged for us as an organisation, and also for the charity sector over the past year. I hope this report shown the progress we have made. It has only been made possible by the talents and hard work of our fantastic staff team, underpinned by the positive backing of our Board. I am very grateful for their support.

## About the Scottish Charity Regulator (OSCR)

OSCR is the Regulator and registrar for Scotland's 25,000 charities.

We are a non-Ministerial office of the Scottish Administration, working alongside but separate from the Scottish Government, and are accountable to the Scottish Parliament.

Our vision is for a trusted and respected Scottish charity sector which positively contributes to society. We believe that the Scottish public should have faith that the country's 25,000 charities are well run, and building public confidence will allow these vital organisations to thrive and cement their place at the heart of our day to day life.

Our **2020-23 Corporate Plan** sets out our four strategic priorities as follows:

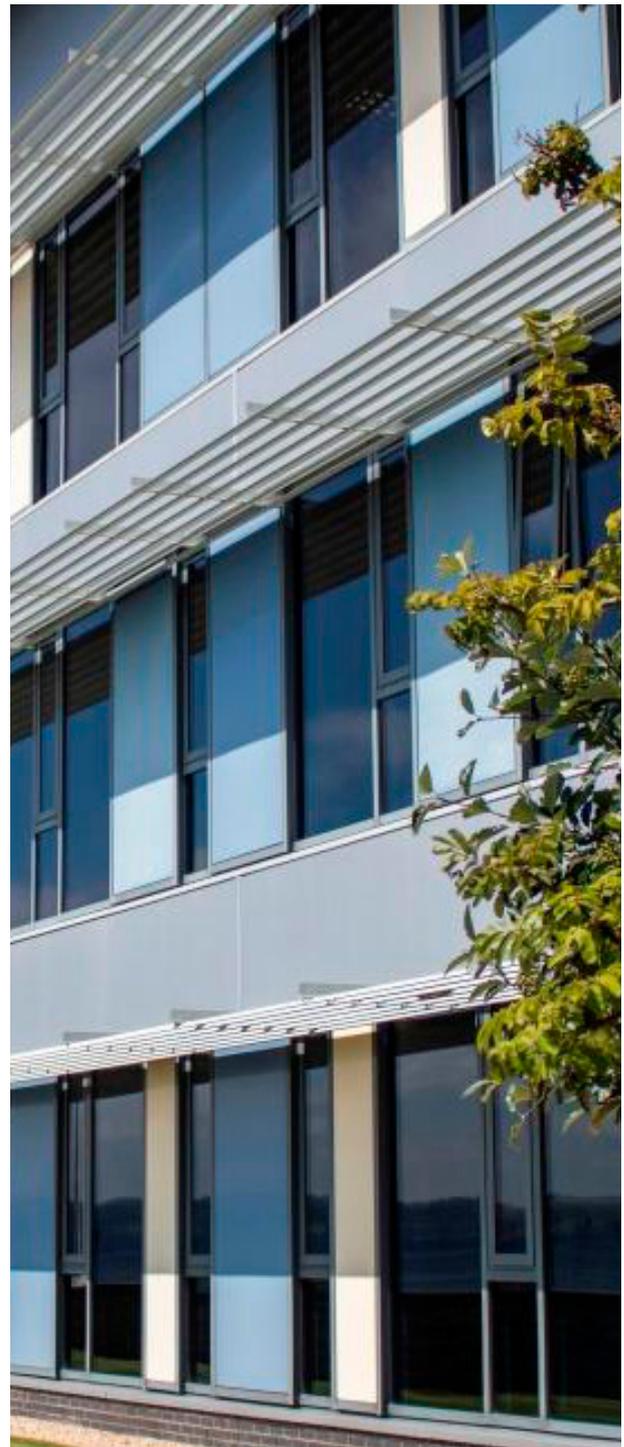
1. The public has confidence in charities
2. Charities are well run and thriving
3. Charities are at the heart of a vibrant and sustainable Scotland, and
4. The Scottish Charity Regulator is a highly effective organisation.

In order to deliver these objectives, we carry out the following duties:

- We grant charitable status
- We publish a Register of all Scottish charities
- We receive annual returns and accounts from charities registered in Scotland and use these to gather intelligence and underpin sector improvement
- We identify and take action where we believe misconduct including mismanagement has occurred in a charity
- We offer a range of services which support and encourage sustainable improvement within the charity sector
- We support and champion the sector through a collaborative working approach, working with other organisations, government and the sector itself.

Our Corporate values of Independent; Proportionate; Accountable; Informed; Consistent; Fair and Transparent underpin the way that we work.

The National Performance Framework for Scotland (**NPF**) sets out how the government's ambitions for the country will be achieved, and we believe that OSCR and Scotland's charities can make a significant contribution to effective delivery.



The table below shows how our strategic and operational activities contribute to delivery of the national priorities.

<p><b>Scottish Government Purpose</b></p>	<p>To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and sustainable and inclusive economic growth.</p>
<p><b>OSCR vision</b></p>	<p>The Scottish charity sector is trusted and respected and positively contributes to society</p>
<p><b>NPF Outcomes which OSCR and Charities contribute to</b></p>	<ul style="list-style-type: none"> <li>• We live in communities that are inclusive, empowered, resilient and safe</li> <li>• We are well educated, skilled and contribute to society</li> <li>• We have thriving and innovative businesses with quality jobs and fair work for everyone</li> <li>• We have a globally connected, competitive, entrepreneurial, inclusive and sustainable economy</li> </ul>
<p><b>OSCR strategic outcomes</b></p>	<ol style="list-style-type: none"> <li>1. Charities are well run and thriving</li> <li>2. Charities are at the heart of a vibrant and sustainable Scotland</li> <li>3. The public have confidence in charities</li> <li>4. OSCR is a highly effective organisation</li> </ol>
<p><b>Specific delivery outcomes for 2020-21 (from our Business Plan)</b></p>	<p>We took action to support the Sector during lockdown and the recovery phase of the pandemic, providing guidance and information on topics, and working with other organisations, informed by our surveys of key issues and challenges being faced by charities.</p> <p>We worked to build our influence and impact on policy, legislation and guidance as outlined in our Framework Agreement with the Scottish Government.</p> <p>We continued to build proactive partnerships that support and champion the Scottish charity sector.</p> <p>Working in partnership, we actively engaged with charity staff and volunteers to support sustainable improvement.</p> <p>We developed and worked with a new Charities Reference Group who will act as a sounding board for new developments and priorities.</p> <p>We continued to take swift, robust action, better protecting the charity sector in accordance with our updated Guidance on Inquiries.</p>

	We undertook our work on a targeted basis by being agile, risk based and proportionate, keeping a strong focus on the needs of charity beneficiaries and the public.
<b>Our stakeholders</b>	<ul style="list-style-type: none"><li>• Charities</li><li>• The public</li><li>• The Scottish Government</li><li>• The Scottish Parliament</li><li>• Other regulators</li></ul>

## Our people and structure

<b>Board</b>	
<b>Chief Executive and Accountable Officer</b>	
<b>Senior Management Team</b>	
<b>Corporate</b>	<b>Regulation and Improvement</b>
Digital and Communications	Policy and Sector Improvement
Legal	Accounts and Annual Reporting
Finance, Governance and Business	Casework
HR and Learning	Quality Assurance
Office and Records Management	
Telephony and Administration	

The non-executive Chair and Board Members provide strategic direction and are the Charity Regulator. The staff are led by our Chief Executive who is also the Accountable Officer, and is supported by a Senior Management Team.

We operate from one office in Dundee, although since the COVID pandemic, and in accordance with Scottish Government policy, staff have worked remotely this year.

Additional information about our Board and staff is contained within the Remuneration Report.

## Delivering on our Corporate Objectives

Much of the detailed work we undertook that delivers our corporate objectives is set out in specific sections across this report. Some additional highlights include:

### **The public has confidence in charities**

We improved the register search functionality and graphics on our website to promote and enable better access to charity information for both the public and other stakeholders, the search function was used 518,713 in the year 2020-21. We published a number, 4, of high profile inquiry reports and these were well covered in the media, giving the public assurance that we deal firmly with anything that goes wrong and supporting charities to improve.

### **Charities are well run and thriving**

We began a new area of work on the development of a new approach to Annual Returns for charities which support charities to consider and tell us how they operate and identify areas for improvement and prompt action by charity trustees. To take this forward we have recruited an Annual Reports and Accounts Officer to support an internal project team as well as key external experts in self-evaluation for small organisations and the third sector.

### **Charities are at the heart of a vibrant and sustainable Scotland**

We worked well with a number of Scottish Government teams and departments last year, sharing our data, knowledge and expertise in relation to charities to inform their development of legislation and policy. This proactive approach to making smart use of what we know and increasing awareness among policymakers should help to ensure that charities are considered at the earliest stage of government thinking and developments. We commissioned research with MSPs to explore awareness of Scottish Charity Regulation and the Scottish Charity Register and will use the analysis to shape

our approach to increasing awareness of OSCR and the Scottish charity sector for both politicians and their staff.

### **The Scottish Charity Regulator is a highly effective organisation**

We spent some focussed time reviewing our approaches to handling queries to ensure that common issues are dealt with via guidance on the website where at all possible. This helps minimise the resource impact of dealing with high volume, straightforward queries and enables us to identify higher value queries and act on these where necessary. This is ongoing but important work as we work to being increasingly agile and being able to focus our energies on the complex areas that require our attention.

# Key challenges faced in 2020-21 and how we responded

2020-21 was an extraordinary year with the COVID pandemic impacting on every part of society, our lives and our activities in a previously unimaginable way.

The following is a summary of some key challenges faced, together with how we responded:

## Understanding the challenges and supporting charities through the pandemic

- √ In order to understand the challenges being faced by the charitable sector, we undertook two sector wide surveys, in May and November 2020 and used the information gathered from the responses to inform and tailor our actions, and to share with policy makers and other organisations involved in supporting the third sector.
- √ We launched an accessible and easily found COVID information section on our website, regularly updating it with information, guidance and links to support.
- √ We advised charities on key actions they required to take in respect of AGM's governance, and reporting to us, and provided brief guides on a diverse range of relevant topics caused by the pandemic.
- √ We allowed charities an additional 9 month period to submit their annual returns and accounts to us, in recognition of the administrative challenges being faced.
- √ We published Blogs by both ourselves and other organisations outlining key areas and topics relevant to the sector.
- √ As part of Cyber Scotland Week we ran an event, and we have participated in joint public events with the Scottish Council for Voluntary Organisations (SCVO) and the Scottish Business Resilience Centre to give practical advice to charities on how to protect against common types of cyber-crime and fraud. We have also updated our guidance for charities on how to deal with cyber fraud incidents.
- √ We hosted and participated in a number of remote events throughout the year, including the Scottish Charity Awards, and met with our Charity Reference Group twice.
- √ We continued to publish Inquiry reports which

contain lessons for charities, based on our inquiry work, throughout the year.



## Supporting staff wellbeing during the pandemic

We do not underestimate the challenges which our staff faced throughout the year as they adjusted from home to office working whilst also, in many instances carrying out significant caring responsibilities. We had planned to implement a new corporate re-structure in April 2020, but delayed this until October when lockdown eased slightly, and staff were more comfortable with working at home.

Even so, the impact of the various pressures was reflected in our Civil Service People survey results which showed engagement levels decreased by 9% to 51%; and the proxy stress indicator from the same survey increased by 4% to 35%. Addressing staff wellbeing is a top priority for the Board and senior staff, and the following is a summary of activities we have undertaken, and will continue to carry out in the coming year:

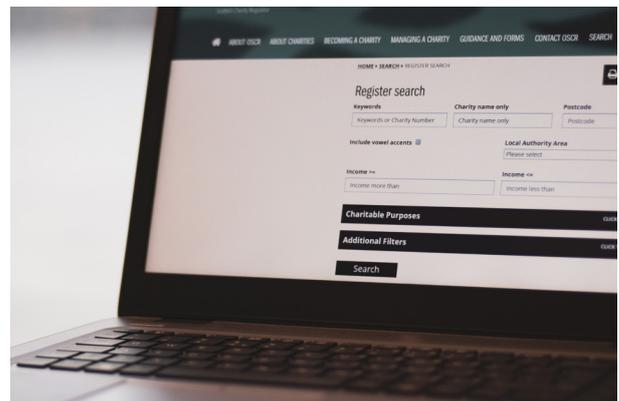
- √ We followed and continue to follow Scottish Government guidance on remote working; balancing caring responsibilities; and wellbeing, and our staff and their families were able to access the Employee Assistance Service and use wellbeing tools provided by the Scottish Government to access support over the last year.
- √ We have issued a weekly staff newsletter since March, which provides staff with updates on key issues going on within OSCR;

together with more informal commentary from staff and Board members. We have made use of a number of online platforms including extensive use of Microsoft Teams and Zoom, enabling colleagues to keep in touch with each other, wider stakeholders- and those with an active interest in our casework. All staff have regular meetings with their colleagues and managers, monthly all staff meetings and informal events such as 'virtual coffee and chat'.

- √ Our new structure was implemented in October 2020, with all staff being matched into new roles and teams. The structure is designed to enable delivery of our strategic outcomes, whilst allowing staff to develop new skills and experience which should enhance their job satisfaction, skills and experience. It should also enable process review and streamlining, and help ensure that the right number of staff with the appropriate skills are working in all parts of the business. PCS Union was consulted during the design phase, and took part in job matching across all posts to ensure transparency, consistency and fairness. Prior to the matching, all posts were subject to job evaluation and grading (JEG) by Scottish Government. Staff received regular weekly briefings in the run up to implementation, and a number of all staff meetings and meetings between the CEO and staff members were held to discuss specific issues or concerns by individuals.
- √ The new structure, supported by our performance management process, is helping us to create a corporate culture where staff not only perform to their full potential, but demonstrate our values and behaviours at all times.
- √ As part of the new structure, a number of new posts were created to address pressures in the previous structure, and to support delivery of key corporate strategies. Our Senior Manager for Digital & Communications, HR & Learning Coordinator and Finance, Governance & Business Manger joined OSCR in February 2021. Although OSCR receive core HR services from Scottish Government, a HR and Learning Co-ordinator was appointed to provide additional support and

learning to managers and staff, and to help address the challenges identified through the People Survey results. Our OSCR People Strategy for 2021 onwards will be based on feedback from the People Survey results and will be co-designed by staff.

- √ We are a Healthy Working Lives (Silver) Accredited organisation, and also have Carer Plus Accreditation.
- √ In the coming year, to continue to support staff, we will conduct quarterly 'temperature checks' to measure staff engagement and seek feedback on the new Operational Design.



### Updating our digital technology and implementing our digital strategy

Our digital priority early in the year was ensuring that our staff had the necessary equipment and were able to access all business applications remotely, to enable effective home working and business delivery for stakeholders. Addressing this issue impacted on the timing of some of the other activities we had planned, and some activities were delayed. Specific activities we undertook were as follows:

- √ All staff have access to Microsoft Teams and Zoom, and Business Voice was installed to enable full telephony functionality to be put in place.
- √ A Virtual Private Network was installed to provide secure access to our electronic document and records system; and to core Scottish Government systems including One HR; SEAS and Easebuy.

- √ Procurement of new Cloud Hosting services was carried out, with a new contract which should result in significant annual savings, being awarded in September 2020
- √ Procurement of a new network support contract took place in June, with support requirements being tailored to our remote working requirements.
- √ Our work to develop a replacement for OSCAR Online, our core charity reporting system, is at an advanced stage with delivery now planned for the first half of next year after slight delays to the procurement and project scoping were incurred. The current system is not as effective or flexible as we would like and being nearly ten years old, is not capable of update. The replacement D365 solution will allow us to improve the user experience; extract and analyse data more easily, and will connect to our other systems, generating efficiencies for staff.
- √ As part of the new structure, we have created a Digital and Communications team, and we have created a new post to manage and oversee planning and implementation of additional digital services.



### Working with outdated legislation

Due to the events of last year, and priority and capacity across Scottish Government, it is perhaps not surprising that there was no movement on the commitment to amend the Scottish Charitable Incorporated Organisation (Removal from Register and Dissolution) Regulations 2011 during the last parliamentary

session. Until the changes are implemented, our activities in this respect are less efficient than we would like.

During 2020, Scottish Government restarted their engagement with the sector in respect of the update to charity legislation which was first proposed in 2019. Published feedback from the government's consultation shows that there continues to be a high level of support for the proposed update, and we have worked closely with Scottish Government officials, and will continue to do so to help inform the final policy instructions for a Bill which we are hoping will be put forward in the next session of parliament. Working closely with Scottish Government on charity law modernisation will continue to be a priority for us during the coming year, and is highlighted in the Recommendations to Scottish Ministers section of this report.

## Going concern

OSCAR has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2021-22 of £3.58m has been confirmed in the **Budget Scotland Act 2021**. It is therefore considered appropriate to prepare these accounts on a going concern basis.

## Recommendations to Scottish Ministers

The Charities and Trustee Investment (Scotland) Act 2005, under which OSCR was established, advises that we may include recommendations to Scottish Ministers in respect of key issues and factors in respect of the charity sector in Scotland. We would wish to draw Ministers attention to the following:

### Charity Law Reform

At the end of the last Parliament Scottish Ministers surveyed stakeholders on Strengthening Charity Law, seeking views on a number of proposals for amending and improving specific aspects of charity legislation in Scotland.

These proposals largely reflect previous recommendations by OSCR to Ministers, and our view continues to be that these proposed changes will enable improvements in key aspects of charity law and regulation in Scotland.

We would strongly recommend to Ministers that the proposals are incorporated into the new Programme for Government and are keen to work with Scottish Ministers to help take the proposals forward. We are also aware from discussion we have held with a number of stakeholders from and with links to the charity sector in Scotland, that there is a desire to hold a wider, deeper look at charity law in Scotland, reflecting changes in the sector, the economy and society in the 16 years since the 2005 Act was passed.

Our experience as regulator very much supports this view, and we would be keen to participate in and support a longer-term discussion with Ministers and stakeholders on the future of charity law.

### NHS charities

In 2019, the then Cabinet Secretary for Health announced a Review of the Governance of NHS Charities, following OSCR's inquiry report on serious issues with Tayside NHS endowments. The report from this Review is yet to be published, but the fundamental issues with the governance

of these charities remains. The very significant funds passed to NHS endowments as a result of the NHS Charities Together fundraising by Captain Sir Tom Moore and others has underlined the importance of public confidence in these charities. We would therefore recommend to Ministers that the review is completed, and that Ministers consider and where appropriate act on any recommendations as a matter of priority in the new Parliamentary session.

### Strategic approach to the Sector

The COVID-19 pandemic highlighted the role of charities and the wider third sector in helping communities deal with the crisis; and showed the benefits of better partnership working.

*If not now, when?*, the report of the Social Renewal Advisory Board, stressed the importance of government and partners 'actively supporting and enhancing the capabilities of the third sector across Scotland and focusing on long-term, sustainable funding'.

We share the view that central government, local government and agencies should consider a more strategic and 'joined up' approach to the sector as we emerge from the pandemic, and we would be keen to work with Scottish Government and other colleagues to move this forward.

# Performance summary and analysis

## How we measure and report on performance

Our Corporate Plan outlines our strategic priorities for the 2020-23 period, and our **2020-21 Business Plan** details the key activities we will carry out during the year to ensure delivery of these.

We use and publish **monthly performance information** in respect of 23 areas of our activity, and this mainly quantitative data is considered by our Board at each of its meetings. In accordance with the Public Service Reform (Scotland) Act 2010 we also publish **monthly expenditure reports**, in respect of some areas of our activity.

To improve the quality of the performance information we use, we will create a revised set of measures during 2021. These will be closely aligned to our Strategic Outcomes which are defined in our Corporate Plan.

There is no doubt that our performance in 2020-21 has been impacted by the pandemic, as like other organisations, we have faced staff resource pressures which have at times had an impact on our outputs. Our Board has taken a keen interest on performance throughout the year, and supported implementation of our new structure in year, on the basis that it would generate operational efficiencies.

## Performance highlights

- **There was an increase in the number of registered Scottish Charities** from **24,882** in 2019-20 to **25,230** at the end of 2020-21. Not surprisingly, we received fewer applications than usual for charitable status in quarter 1, and average numbers thereafter which means that the increase is likely to have been caused by lower than usual numbers of charities being removed from the Register. Whilst we cannot be certain, we believe that some charities have not been able to hold the formal meetings required to agree removal, and on that basis, we anticipate higher than average removals once lockdown eases. On a positive note where applications for

status were received, the time taken by us to process applications from receipt to approval reduced from 94 to 90 days; and the overall percentage concluded within our internal 90-day target rose from 56% in 2019-20 to 65% in 20-21.

**25,230**  
registered Scottish  
charities



- We operate to a statutory timescale for considering **consent to change** applications received from Charities, and in 2020-21 96% of these were dealt with within the timescale compared with 100% in the previous year.
- The **percentage of charities failing to provide annual returns and accounts within 12 months of their accounting year increased** from 4% 2019-2020 to 13% 2020-21. This was likely due to the pandemic and the limitations this imposed on Charities to perform their statutory duties. Charities were provided with a further 9 months grace period to submit their annual returns and accounts during the pandemic but this is not factored into this figure to allow a year on year, like for like measure.
- Target timescales for the consideration of applications from charities to **re-organise** are also in place, and during the year were met in respect of 89% of applications, which was a decrease of 6% on the previous year.

**43**

concerns where it was  
appropriate for OSCR to act



- **The number of concerns about charities we received decreased** from 620 to **426** during the year. Following initial assessment, we determined that it was appropriate for

us to act in only 43 cases, which is a 60% reduction on the previous year. The reduction is likely down to two reasons, the first one being Charities were less active, and hence there were fewer activities to cause concern; and the second being the likely focus of the public with the direct impact of the pandemic rather than on the activities of charitable bodies. Perhaps as a consequence of all of this, we ended the year with a lower number of open inquiries than in 2019-20, **179 down from 213**, and whilst we aim to conclude as many as we can within 9 months of receipt, this is not always possible.

- **Engaging with stakeholders is a critical part of our work**, over the past year the website has become our core delivery vehicle. We have kept the website current and relevant through surveys conducted to determine which areas charities are finding challenging. We have increased our Twitter and Facebook presence to deliver key messages and provide general and specific information and guidance, Twitter followers increased over the year from 7979 to 8646, Facebook followers increased from 1138 to 1460. Website visitor numbers increased during the year, with our register, and guidance sections receiving the most visits.

## Events

Last year we delivered all of our events online, including our annual 'Meet the Charity Regulator' event. We held a total of **twelve**, which is double the number of face to face events held in 2019-20, and these online meetings were attended by nearly **1000** people, with a further **3,786** people viewing them via our YouTube channel. Post event feedback showed an average approval rating of **94%** which is encouraging.

## Internal audit

We achieved a Substantial Assurance rating from our internal auditor.

## Charities SORP

OSCR, together with the Charity Commission for England and Wales and the Charity Commission for Northern Ireland are recognised by the Financial Reporting Council (FRC) as the SORP-making body for the Charities SORP. As such we have the responsibility for developing and maintaining the SORP under the FRC's Policy on Developing SORPs which includes the need to ensure that the SORP is in line with UK accounting standards. In 2020-21 the recruitment of a significant number of volunteer engagement partners was carried out, in support of the SORP governance changes which had been agreed in 2019-20. A timeline for activity leading towards drafting of the new Charity SORP in 2022 was also agreed.

The Annual Review of activity prepared by the SORP-making body for the Financial Reporting Council is published on the **Charity SORP Website** ([www.charitysorp.org](http://www.charitysorp.org)) and provides further details of the work undertaken during the year. More information about the new SORP development process, particularly the engagement component can also be found on the **SORP microsite**.

## Financial Review summary

OSCR is classed as a directly funded external body which requires separate parliamentary approval from the Scottish Government portfolio and consequently our budget is detailed separately in the relevant Budget (Scotland) Act.

The revenue resource expenditure, or net operating cost for the year ended 31 March 2021 was £3.282, as shown in the Statement of Comprehensive Net Expenditure; compared to a revenue budget of £3.300m. The main operating costs were incurred in relation to staff at £2.466 (£2.228m in 2019-20) with other expenditure at £0.813 m (£1.003 in 2019-20) and depreciation and amortisation at £0.003m (£0.003m in 2019-20).

## Payment Practice Code

OSCR is required to pay contracts that are not with dispute in line with Scottish Government Policy. OSCR paid 91.0% of invoices within these terms for the year 2020-21, which was a slight decrease on our 2019-20 performance (92.7%).

The policy also requires a measure of payments made within 10 days in respect of undisputed invoices. Our performance in this area decreased particularly during quarters 2 and 3 of the year, which impacted on our overall performance, at 66.0%. (86.7% previously). A number of circumstances contributed to this, and we worked to ensure that these were addressed for Quarter 4, where a significant improvement was achieved, and has been sustained.

£3.28m

net operating cost  
2020/21



96%

of consents responded  
to within the statutory  
response  
time



## Sustainability Report



As a public body, we are committed to environmental sustainability and cutting our carbon emissions and achieving the Scottish Government's National Performance Outcome of **"We value, enjoy, protect and enhance our environment"**.

The Climate Change (Scotland) Act 2009 is the key driver for our environmental work, underpinning our commitment to reducing CO2 emissions. As a public body we collate and report annually to the Scottish Government on our environmental performance.

Our **Corporate Plan 2020-23** and annual **Business Plans** commit us to reducing our carbon emissions annually, and our Environmental Strategy sets out how we plan to do this. New working practices and behaviours brought about by the COVID-19 pandemic have seen all staff working remotely for the majority of time during 2020-21, and business travel ceased. The expectation post lockdown is that we will continue with a hybrid office and remote working model for staff, and that meetings will continue to be held virtually. On that basis, we anticipate that emission levels associated with travel and office based working will continue to reduce in the future. We will use our new working practices and lessons learned during the pandemic to determine our accommodation requirements since the lease on our premises at Quadrant House Dundee expires in May 2023.

### Sustainable procurement

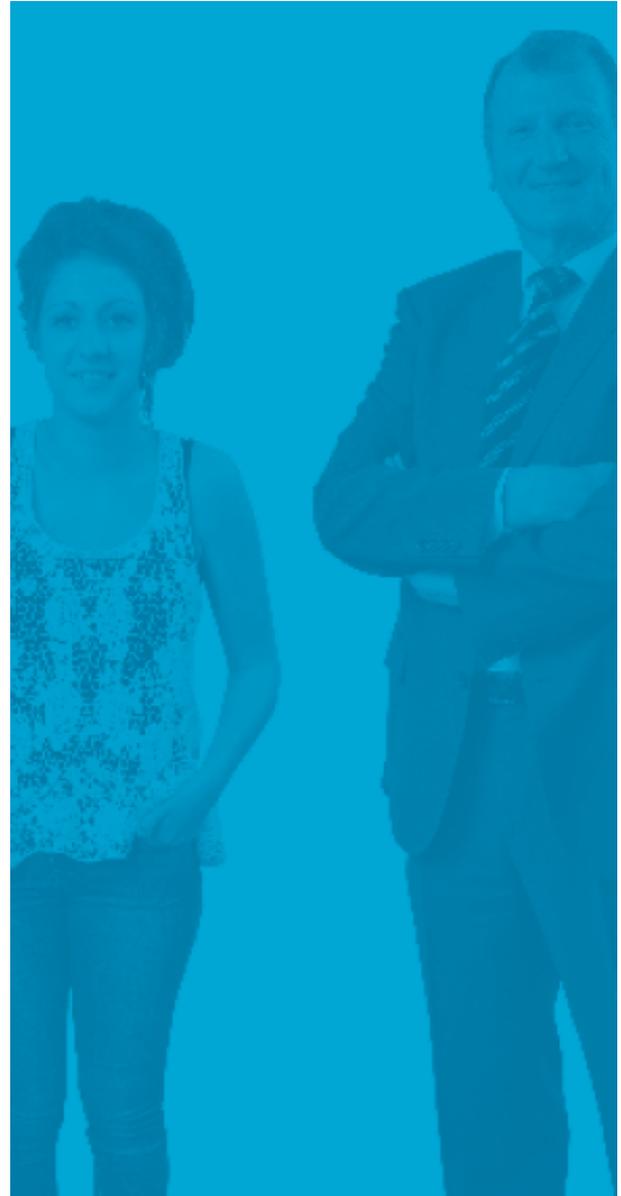
We follow the Scottish Sustainable Procurement Action Plan, using centrally negotiated contracts, and frameworks developed using the Scottish sustainability test. That means we take into account social, economic and environmental considerations when procuring goods and services, achieving value for money and reducing environmental impact.

## Human rights and social responsibility

OSCR is committed to treating all our stakeholders with dignity and respect.

It is our public duty to protect individuals and groups within our society against human rights abuses, and that this must be demonstrated in our actions and our regulatory work. We have recently updated our Equality Strategy, and are committed to the Scottish Government's gender balance objective for public boards.

Our **BSL Plan** (2018-2024) has already set out how our activities meet the requirements of BSL users (including tactile BSL), and we remain committed to delivering on this. Our Website is Speak IT plus enabled, and meets W3C and WCAG guidelines for accessibility. We have a Charities Reference Group made up of users from across the sector, who we consult with in respect of new policies and guidance, and who will be involved in accessibility testing of our OSCR online replacement system.



# The Public Interest Disclosure Act 1998 (PIDA)

OSCR is a 'prescribed person' under the **Public Interest Disclosure Act 1998 (PIDA)** which means that we are allowed to accept disclosures from people who carry out paid work for a charity.

Our regulatory priorities are set out in our **Risk Framework**, and when we receive a whistleblowing disclosure we assess it in the light of our Risk Framework and in line with our **Whistleblowing guidance** and our **Inquiry Policy**. Whistleblowing disclosures help us identify and prevent concerns within the sector and help charities to put things right. They play an important part in supporting OSCR to underpin public trust and confidence in the charity sector.

We received two (2) whistleblowing reports in 2020-21 which was a decrease on the seven (7) received in the previous year. This reflects the context of reduced activity in parts of the Scottish charity sector during the COVID-19 pandemic, which is also reflected by the 31% overall reduction in the number of concerns OSCR received about charities during the year.

Of the two concerns received:

- one (1) led to OSCR opening an inquiry using our powers under section 28 of the 2005 Act and using our other statutory powers as appropriate. This inquiry is ongoing.
- one (1) of the reports was assessed as not appropriate for OSCR to take forward, but was within the remit of a regulator in another jurisdiction, and we referred the case to them for action.

In 2020-21 whistleblowing concerns helped us to:

- Identify regulatory concerns
- Take action to protect charity assets and beneficiaries
- Identify risks to charities and to the charity sector that would not otherwise have come to light without the protection afforded to whistleblowers.



**Maureen Mallon**

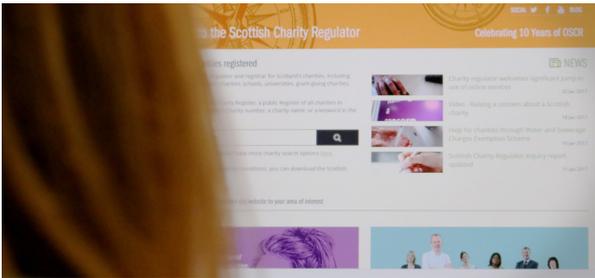
Chief Executive and Accountable Officer  
02.07.2021

# Accountability Report

# Chief Executive's Report

OSCR staff are employed by Scottish Ministers but have the same terms and conditions as staff within the core Scottish Government, including access to the civil service pension arrangements. OSCR follow the Scottish Government's policies and procedures, including those for performance management, and all staff use its online HR system to record transactional matters relating to absence and performance.

Our aim is that all staff are clear about how their role contributes to the delivery of our corporate vision and objectives. All staff are involved in operational planning and the development of business milestones each year. New staff joining OSCR have a comprehensive induction programme, which was delivered via remote meetings using Microsoft Teams, since we moved to remote working.



A staff newsletter is issued weekly, and provides updates on strategic and operation information, along with general updates about current activities. Staff have a minimum of once weekly meeting with their manager, and a monthly conversation in respect of performance and wellbeing. All staff meetings are also held.

OSCR participates in the annual UK Civil Service People Survey which is co-ordinated by the Cabinet Office and provides information about staff engagement levels within the civil service. Detailed results are prepared for each participating organisation, and results are benchmarked against similarly sized public sector bodies throughout the UK. As highlighted in the Challenges section of this report, OSCR's overall engagement score fell by 9% to 51% in the 2020 survey, which is a situation we are working hard to address, through implementation of our People Strategy, led by our HR and Learning Co-ordinator.

## Pensions

OSCR staff members are eligible to be members of the Principal Civil Service Pension Scheme (PCSPS) and at 31 March 2021 all permanent members of staff had joined. In accordance with the Government Financial Reporting Manual (FRoM) the PCSPS is accounted for as if it were a defined contribution scheme. Further information and details in respect of the pension schemes are included in note 6 to the accounts. Details of the pension entitlements of OSCR's senior management team are given in the Remuneration Report.

## Statement of Accountable Officer's responsibilities

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers have directed the Office of the Scottish Charity Regulator (OSCR) to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction issued by the Scottish Ministers. The Accounts Direction is provided on page 65.

The accounts are prepared on an accruals basis and must give a true and fair view of OSCR's state of affairs at the period end and of its operating costs, recognised gains and losses and cash flows for the financial period.

In preparing the accounts, the Accountable Officer is required to:

- Observe the Accounts Direction issued by Scottish Ministers including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts.
- Prepare the accounts on a going concern basis.

The Scottish Permanent Secretary has appointed the Chief Executive, Maureen Mallon, as the Accountable Officer for OSCR.

As Accountable Officer, she is responsible for the regularity and propriety of the public finances for which she is answerable, and for keeping proper records and for safeguarding OSCR's assets, as set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

# Governance Statement

## Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of OSCR's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible.

## The purpose of the Governance Statement

Our Governance Framework accords with the Scottish Public Finance Manual (SPFM).

Our system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve corporate policies, aims and objectives. It is focused around the ongoing identification and prioritisation of risks relating to strategic and operational activity; based on evaluation of the likelihood and impact of each risk being realised.

OSCR relies upon core Scottish Government Divisions for the provision of certain business critical areas of functionality; in particular aspects of core services relating to transactional finance and human resources. Internal control is addressed by the respective Divisions and I am provided with Annual Certificates of Assurance by the Scottish Government Director of Human Resources and Organisational Development and also the Director of Financial Management.



## Our Board

Membership of our Board during 2020-21, together with a short biography of each Board Member, and their Register of Interests can be accessed on our [website](#).

The Board meets every two months, and during 2020-21, meetings were held in April, June, August, October, December and February, with a Strategy day also being held in September.

We have two Board sub committees, the Audit Risk And Assurance Committee which met in June, December and February; and the Casework Committee which meets every month.

Minutes of Board Meetings are also published on our [website](#).



**Lindsay Montgomery CBE**  
Chair\*



**George Walker**  
Interim Chair from April 2021



**Patricia Armstrong OBE**  
Deputy Chair, Audit Risk and Assurance Committee Member



**Professor Stuart Cross**  
Audit Risk and Assurance Committee Chair



**Jill Vickerman**  
Casework Committee Chair



**Jessica Wade**  
Audit Risk and Assurance Committee, Casework Committee Member



**Shona Ulrichsen**  
Audit Risk and Assurance Committee Member



**Stephanie Fraser**  
Casework Committee Member

\* Lindsay Montgomery CBE stepped down as Chair on 29.03.21

## Chief Executive

The Chief Executive of OSCR is appointed by the Permanent Secretary as the Accountable Officer of OSCR, and is accountable to the Board for the day-to-day running of the organisation. Maureen Mallon was appointed as Chief Executive in October 2019, and is a member of the Senior Civil Service.

## Senior Management Team



**Maureen Mallon**  
Chief Executive



**Martin Tyson**  
Head of Regulation and  
Improvement



**Judith Hayhow**  
Head of Corporate

OSCR has an internal management structure which is headed by the Senior Management, responsible for day to day activities.

Between April and September 2020, prior to the implementation of the new structure, the senior officers were: Maureen Mallon (Chief Executive), Martin Tyson (Head of Casework), Judith Hayhow (Head of Support Services), Dr. Jude Turbyne (Head of Engagement) and Laura Anderson (Head of Professional Advice and Intelligence).

Following the restructure, and from 1 October 2020, the Senior Management Team became: Maureen Mallon (Chief Executive), Martin Tyson (Head of Regulation and Improvement) and Judith Hayhow (Head of Corporate).

Details of the salaries and pensions entitlements of the former and current Senior Management Team can be found in the Remuneration and Staff Report. As in previous years, no performance pay is currently being awarded.

## The risk and control framework

All bodies covered by the Scottish Public Finance Manual (SPFM) must operate a risk management strategy in accordance with key principles specified, and these have been adopted by OSCR.

- The OSCR Board and Audit Risk and Assurance Committee (ARAC) considers our Corporate Risk Register at each meeting; and corporate Risk Appetite Statements will be published in 2021-22
- The ARAC and Casework Committee chairs provide a report to the Board following each of their meetings
- In February 2021, in accordance with the Terms of Reference, we co-opted a new Member onto our ARAC, who brings a range of skills and experience which supplement and compliment that of existing members. This Secondment is unpaid and will last for an initial one year period, at which time it will be reviewed.
- Members receive ad hoc briefings from the CEO and SMT on specific matters which have the potential to create risks, as they arise throughout the year
- The OSCR Leadership Team identify and consider risk in respect of operational delivery matters, and report these to SMT
- A formal Report on the activity of the ARAC committee is presented to the Board annually. This will be implemented for the Casework Committee in 2021
- In addition to individual performance reviews which the Chair holds with each Board member, the whole Board undertake an annual self assessment review considering how the Board operates, and identifying any learning requirements, or changes which could be made to enhance performance
- Internal Audit conduct an annual review of specific activities, with the coverage being determined through discussion with the CEO and ARAC, and drawn from our risk register.

In addition to these formal Risk Management practices, we have:

- Mandatory all staff and Board training, which includes on line courses in respect of data

- handling, awareness and security
- A Best Value Plan which considers our performance against the Best Value themes detailed in the Audit Scotland Best Value toolkit
- An IT Code of Conduct which staff and Board Members sign annually and which sets out our policy in respect of the use of technology
- Issued briefings for staff working remotely reminding them of the requirements for information security whilst working at home
- A Service Level Agreement with the Scottish Government Procurement Division under which they provide us with procurement and contract advice and support, thereby ensuring compliance with the complex European procurement directives
- Secured Cyber Essentials accreditation



## Review effectiveness of the system of effective control

As Accountable Officer, I have responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. My review of the effectiveness of the system is informed by the work of our internal auditors and the OSCR Senior Management Team who meet informally on a weekly basis, and formally every month. The Senior Management Team are responsible for overseeing implementation of the internal control framework, and ensuring that and comments raised by internal audit through their management letter are adequately responded to. The Senior Management Team receive and consider management accounts on a monthly basis, and with input from the Leadership Team consider expenditure projections, and budget allocations.

The wider system of internal control is based on the ongoing identification of the principal risks in delivering OSCR's policies, aims and objectives as outlined in the Corporate and Business Plans. Following identification, the nature and extent of those risks are considered and a decision taken as to how to manage and mitigate them effectively, economically and efficiently. OSCR Board Meetings are attended by myself and Senior Management Team Members, with specific input from staff members involved in the preparation of specific papers and lead areas. The Chair and I hold telephone or Teams meetings regularly, and throughout the year the former Chair engaged with other staff on specific topics, attended staff meetings and was a visible presence in the organisation. I expect this arrangement to grow and develop with the Interim Chair.

The OSCR Audit Risk and Assurance Committee, which the Head of Corporate and I attend, together with representatives of both Internal and External Audit, meet at least three times each year. The Committee reviews OSCR's financial statements prior to publication and provides to myself as Accountable Officer, and to the Board in respect of the adequacy and effectiveness of risk identification and reporting. The Committee also considers Reports from our Auditors, and makes recommendations to the Board and myself as appropriate.

Internal Audit services are provided by the Scottish Government's Internal Audit Division. Based on their 2020-21 review, a substantial Assurance rating was awarded in respect of the adequacy of risk management, control and governance arrangements for those areas reviewed.

No lapses of data security took place in 2020-21 (Nil in 2019-20)

In light of the above, as Accountable Officer I can confirm that I am fully content with the effectiveness of OSCR's existing arrangements in respect of corporate governance and risk management.



### **Maureen Mallon**

Chief Executive and Accountable Officer  
02.07.2021

# Remuneration and Staff Report

## Remuneration Report

This report provides information on the remuneration of OSCR Board members and senior managers.

From April 2020 to August 2020, the Senior Managers were:



**Maureen Mallon**  
Chief Executive



**Martin Tyson**  
Head of Casework



**Judith Hayhow**  
Head of Support Services



**Dr Jude Turbyne**  
Head of Engagement



**Laura Anderson**  
Head of Professional Advice and  
Intelligence

Following OSCR's restructure, and from 1 September 2020, the Senior Management Team became: Maureen Mallon (Chief Executive), Martin Tyson (Head of Regulation and Improvement) and Judith Hayhow (Head of Corporate).

This report contains audited information and also information which is not subject to audit.

## Remuneration policy

Board members are not employees of OSCR or part of the Civil Service. Board members' remuneration is determined in accordance with the '**Public Sector Pay Policy for Senior Appointments 2020-21**' which the Scottish Government prepare.

The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [www.civilservice.gov.uk](http://www.civilservice.gov.uk)) and with independent advice from the Senior Salaries Review Body.

Staff employed below senior civil service level are part of the Scottish Government main collective bargaining unit for the determination of salary. Remuneration is determined by the Scottish Government and, in determining policy, account

is taken of the need for pay to be set at a level which will ensure the recruitment, retention and motivation of staff. Also taken into account are the Government's policies on the Civil Service and public sector pay and the need to observe public spending controls.

## Service contracts

### Board members

Board members are appointed for a period determined by Scottish Ministers, and are eligible to be re-appointed following the end of their first period of Board membership. Either party may terminate early by giving notice.

*Details of the service contracts for Board members serving during the year are detailed below, with those Members whose tenure will end in 2022 highlighted.*

		Current term	Date of initial appointment	Date of termination of appointment
Lindsay Montgomery CBE	Chair	1st	March 2019	February 2023 *
Patricia Armstrong OBE	Deputy Chair	2nd	April 2014	March 2022
Professor Stuart Cross	Member	2nd	April 2014	March 2022
Stephanie Fraser	Member	1st	March 2018	March 2022
Shona Ulrichsen	Member	2nd	April 2014	March 2022
Jill Vickerman	Member	1st	March 2018	March 2022
Jessica Wade	Member	2nd	April 2016	April 2024

\* Resigned March 2021.

The Board has been running with 1 vacancy throughout 2020-21 after the resignation of Sophie Flemig. The position has not been filled due to pressure on Public Appointments during COVID. Professor Stuart Cross has resigned as of April 2021 and George Walker was appointed interim Chair in April 2021. Work has begun on recruitment of further Board members to fill the two vacancies, together with those which will result from the end of tenure of Patricia Armstrong and Shona Ulrichsen.

## Board Remuneration (Audited)

	2020-21 £'000	2019-20 £'000
Lindsay Montgomery CBE	10-15	15-20
Patricia Armstrong OBE	0-5	0-5
Professor Stuart Cross	0-5	0-5
Stephanie Fraser	0-5	0-5
Shona Ulrichsen	0-5	0-5
Jill Vickerman	0-5	0-5
Jessica Wade	0-5	0-5

The daily rate paid to members is set by the Scottish Government, and in 2020-21 was £210 per day for Members and £283 for the Chair.

## Salary, Benefits in Kind and Pensions (Audited)

The following table provides remuneration information in respect of each senior officer.

Official	Salary (£'000)		Benefits in Kind (to nearest £'000)		Pension Benefits (£'000)	
	20-21	19-20	20-21	19-20	20-21	19-20
Maureen Mallon	85-90	85-90	Nil	Nil	48	41
Judith Hayhow	60-65	55-60	Nil	Nil	-8	6
Martin Tyson	70-75	70-75	Nil	Nil	41	34
Laura Anderson*	30-35	60-65	Nil	Nil	12	23
Jude Turbyne*	30-35	55-60	Nil	Nil	12	23

\* This reflects the payments made from April-September when the re-structure was implemented. Laura and Jude remain OSCR employees, but in accordance with the FREM their salary does not require disclosure.

'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by OSCR and as recorded in these accounts.

### Bonus

No bonus payments were paid in 2020-21 or 2019-20.

### Benefits in Kind

There were no benefits in kind in 2020-21 or 2019-20.

## Fair pay disclosure (Audited)

We are required to disclose the relationship between the total remuneration of the highest paid employee in the organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The Chief Executive was the highest paid Director in the financial year 2020-21. The full time annual salary for the Chief Executive is in the salary band £85,000 to £90,000. The midpoint of this band is £87,500 which is 2.88 times greater than the median remuneration of the workforce.

	<b>20-21</b>	<b>19-20</b>
<b>Band of highest paid employee (mid point)</b>	87,500	87,500
<b>Median salary</b>	32,143	30,351
<b>Remuneration ratio</b>	2.72	2.88
<b>Staff minimum FTE remuneration</b>	21,148	19,314
<b>Staff maximum FTE remuneration</b>	73,935	72,478

## Pension benefit (Audited)

Pension benefits	Accrued pension at pension age as at 31.3.21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31.3.21	CETV at 31.3.20	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
<b>Chief Executive</b>					
Maureen Mallon	20-25	2.5-5	434	380	36
<b>Senior Management Team</b>					
Martin Tyson	30-35	0-2.5	592	542	28
	Lump Sum	Lump Sum			
	25-30	0-2.5			
Judith Hayhow	25-30	0-2.5	544	539	-16
	Lump Sum	Lump Sum			
	60-65	0-2.5			
Laura Anderson*	15-20	0-2.5	176	162	5
Jude Turbyne*	5-10	0-2.5	126	117	7

\* April to September, reorganisation effective from October.

## Accrued pension

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. The table below details pension ages for each of the schemes whilst note 6 to the Accounts provides further detail.

Scheme	Pension age
Classic (incl. Classic Plus)	60
Premium	60
Nuvos	65
Alpha	Later of 65, or state pension age
Partnership	Benefits must be drawn between 50 and 75

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The real increase reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Staff costs (Audited)

The staff costs for the year were as follows:

	<b>Permanently employed staff £'000</b>	<b>Others £'000</b>	<b>2020-21 Total £'000</b>	<b>2019-20 Total £'000</b>
Wages and salaries	1,742		1,742	1,633
Social security costs	180		180	169
Other pension costs	463		463	429
Agency staff costs		81	81	57
<b>Total</b>	<b>2,385</b>	<b>81</b>	<b>2,466</b>	<b>2,288</b>

### Average staff numbers over the year by WTE (Audited)

The average number of whole-time equivalent persons employed during the year was as follows:

	<b>2020-21 WTE</b>	<b>2019-20 WTE</b>
Senior management (from September)	3.0	5.0
Other permanent staff	40.3	37.4
Agency staff	1.57	1.5
<b>Total</b>	<b>45.7</b>	<b>43.9</b>

### Breakdown by permanent and other at year end

In terms of corporate staffing levels, at the end of 2020-21 the overall permanent staff headcount number was 48 with 10 staff members working on a part time basis, and 1 staff member seconded out of OSCR.

The overall Whole Time Equivalent for permanent staff was 45.35.

## Breakdown by gender at year end

The table below details the gender breakdown of permanent staff, at 31 March 2021.

	Female	Male
Senior management	2	1
Employees	29	16
<b>Total</b>	<b>31</b>	<b>17</b>

## Sickness absence

The total number of days lost and the average number of days lost per full time equivalent (FTE) to sickness absence during 2020-21 at 9.6, was an increase on the 2019-20 level. Long term sickness absence increased during the year, which impacted on the overall days lost figure, since due to the size of the organisation, the impact of any absence can disproportionately affect the overall rates.

To support staff members who were absent, we followed official Scottish Government absence policies and procedures, and engaged with Occupation Health partners when appropriate to ensure a return to work as quickly as possible. All staff members who had a period of long term sick leave have now returned to work.

Days sick absence	2020-21	2019-20
Short term (under 20 days)	147.6	161.4
Long term (Over 20 days)	300.4	117.97
Total	448.0	279.32
Average per FTE member of staff	9.6	6.4

## Policies in relation to disabled persons

OSCR performs its functions in a manner that supports equal opportunities and observance of equal opportunities requirements. These are based on the duties which are detailed in Equality Act 2010 (the 2010 Act) and the Charities and Trustee Investment (Scotland) Act 2005, Section 1 (8).

To ensure OSCR services and information is accessible as possible, our website meets accessibility standards, is Speak IT Plus enabled and we are a member of Happy to Translate. To support charities in complying with equality law we have **published guidance** highlighting their responsibilities.

We value the different skills and perspectives our staff bring to OSCR and seek to continually develop all staff. We adopt the Scottish Government policies on equal opportunities and diversity, and all staff are treated equally irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibility or trade union membership. We have a variety of different working patterns to support a different staff circumstances and all staff now have the facility to work at home (no members of staff are homeworkers permanently).

## Expenditure on consultancy and payroll arrangements

Consultancy expenditure of £10,000 was paid during 2020-21 to the Scottish Government Procurement Directorate in respect of the Fully Managed Service (Lite) which we have with them for the provision of procurement advice and support. In 2020-21 we undertook two large digital procurement exercises, and SGPD input ensured that we complied with the appropriate procurement directives, thereby avoiding challenge.

## Exit Packages

No Board Member or senior manager left under voluntary or compulsory exit schemes in 2020-21 (nil in 2019-20).

# Parliamentary Accountability Report

## Losses and Special Payments

There were no losses and special payments incurred by OSCR in the year 2020-21 (nil in 2019-20).

## Fees and Charges

OSCR do not charge for any of the work carried out, and so receive no fee income. All income is in the form of Scottish Government funding.

## Remote contingent liabilities

There was one contingent liability which requires disclosure under IAS31 in 2020-21, this is detailed in note 16 to the accounts.



### Maureen Mallon

Chief Executive and Accountable Officer  
02.07.2021

# Independent Auditor's Report

Independent auditor's report to the Office of the Scottish Charity Regulator, the Auditor General for Scotland and the Scottish Parliament.

# Report on the audit of the financial statements

## Opinion on financial statements

We have audited the financial statements in the annual report and accounts of the Office of the Scottish Charity Regulator (OSCR) for the year ended 31 March 2021 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our

report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is five years. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

## Risks of material misstatement

We report in a separate Annual Audit Report, available from the **Audit Scotland website**, the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines

is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting

irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on regularity of expenditure and income**

### **Opinion on regularity**

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

## Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities to detect material misstatements in the financial statements in respect of irregularities, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Report on other requirements

### Opinions on matters prescribed by the Auditor General for Scotland

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Statutory other information

The Accountable Officer is responsible for the statutory other information in the annual report and accounts. The statutory other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

Our responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this

this statutory other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the statutory other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- [I/we] have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters

### **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

## **Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Joanne Brown*

Joanne Brown, (for and on behalf of Grant Thornton UK LLP)  
110 Queen Street  
Glasgow  
G1 3BX

02.07.2021

# Annual Accounts

# Financial Statements - Office of the Scottish Charity Regulator

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
<b>Operating Costs</b>			
Staff costs	3	2,466	2,288
Other administration costs	5	813	1,003
Depreciation and amortisation	6,7	3	3
<b>Net operating cost</b>		<b>3,282</b>	<b>3,294</b>

The notes on pages 49 to 64 form part of these accounts

**Statement of Financial Position**  
as at 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	6	6	9
Intangible assets	7	0	0
<b>Total non-current assets</b>		<b>6</b>	<b>9</b>
<b>Current assets:</b>			
Cash and cash equivalents	9	1	1
Other current assets	10	37	28
<b>Total non-current assets</b>		<b>38</b>	<b>29</b>
<b>Total assets</b>		<b>44</b>	<b>38</b>
<b>Current liabilities:</b>			
Trade and other payables	11	357	281
<b>Total current liabilities</b>		<b>357</b>	<b>281</b>
<b>Total assets less current liabilities</b>		<b>(313)</b>	<b>(243)</b>
<b>Assets less liabilities</b>		<b>(313)</b>	<b>(243)</b>
<b>Taxpayers' equity:</b>			
General fund		(313)	(243)

*Maureen Mallon*

**Maureen Mallon**  
Chief Executive and Accountable Officer  
02.07.2021

The notes on pages 49 to 64 form part of these accounts

## Statement of Cash Flows

for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
<b>Cash flows from operating activities</b>			
Net operating cost	SCNE	(3,282)	(3,294)
Adjustments for non-cash transactions:			
Depreciation and amortisation	6,7	3	3
Audit fee	5	14	14
Movements in working capital:			
Decrease/(increase) in trade and other receivables	10	(9)	4
Increase in trade and other payables	11	76	47
<b>Net cash outflow from operating activities</b>		<b>(3,198)</b>	<b>(3,226)</b>
<b>Cash flows from financing activities</b>			
Net funding	2	3,198	3,226
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of the period	9	1	1
Cash and cash equivalents at the end of the period	9	1	1

The notes on pages 49 to 64 form part of these accounts

**Statement of Changes in Taxpayers' Equity**  
for the year ended 31 March 2021

	Note	General Fund £'000
<b>Balance at 31 March 2019</b>		<b>(189)</b>
<b>Changes in Taxpayers' equity for 2019-2020</b>		
Non-cash charges – auditor's remuneration	5	14
Net operating cost for the year	SCNE	(3,294)
<b>Total recognised income and expenditure for 2019-20</b>		<b>(3,280)</b>
Net funding	2	3,226
<b>Balance at 31 March 2020</b>		<b>(243)</b>
<b>Changes in Taxpayers' equity for 2020-2021</b>		
Non-cash charges – auditor's remuneration	5	14
Net operating cost for the year	SCNE	(3,282)
<b>Total recognised income and expenditure for 2020-21</b>		<b>(3,198)</b>
Net funding	2	3,198
<b>Balance at 31 March 2021</b>		<b>(313)</b>

The notes on pages 49 to 64 form part of these accounts

# Notes to the Accounts

## 1. Statement of accounting policies

### 1.1 Basis of Accounting

In accordance with the accounts direction issued by Scottish Ministers (reproduced at Appendix 1), the accounts have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) interpretations and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by OSCR are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8 (IAS 8): Accounting Policies, Changes in Accounting Estimates and Errors.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare additional statements and notes. These include the Statement of Operating Cost by Departmental Strategic Objectives and supporting notes to show outturn against budget in terms of the net resource requirement.

### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets where material at their value to the organisation by reference to their current cost.

### 1.3 Accounting standards issued but not yet effective

In accordance with IAS 8, changes to IFRS that have been issued but not yet effective have been reviewed for impact on the financial statements in the period of initial application. No significant impact on future periods' financial statements is anticipated. The following standard has been considered:

- IFRS 16 Leases

Due to circumstances caused by the COVID-19 pandemic, HM Treasury (HMT) have agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 Leases until 1 April 2022.

### 1.4 Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. Further explanation of the going concern basis is contained in the Performance Overview (page 12).

## 1.5 Property, office furniture and equipment

OSCR occupies a leasehold building under a 17 year operating lease with five year rent reviews. Leaseholder improvements to the building are capitalised at the cost of construction. Plant and equipment and information technology are capitalised at cost. Generally, leasehold improvements over £10,000 and plant and equipment and information technology over £5,000 are capitalised. Furniture and fittings are not capitalised and the full cost is charged to the operating costs in the year of acquisition.

As required under International Accounting Standard (IAS) 16 all non-current assets are valued at fair value. Depreciated historic cost is used as a proxy for fair value as the assets held under this category have a short life and are low value.

Depreciation is provided on a straight line basis, to write off the cost of the asset over its estimated useful life. The depreciation periods which normally apply to the categories of assets are:

<b>Asset category</b>	<b>Depreciation period (years)</b>
Leasehold improvements	5-12
Plant and machinery	5
Information technology	3-5

Assets in the course of construction are not depreciated until the asset is brought into use.

## 1.6 Intangible assets

Intangible assets are valued initially at cost and subsequently at fair value using the revaluation model. Where an active market does not exist, income generating assets are valued at the lower of depreciated replacement cost and value in use. Non income generating assets are carried at depreciated historic cost. These valuations are considered to be a proxy for fair value.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity'.

The main category of intangible asset is software and its associated development. These assets have an estimated useful life of three to five years and are amortised over this period.

Intangible assets in the course of construction are not amortised until the asset is brought into use.

## 1.7 Impairment to tangible and intangible assets

All tangible and intangible non-current assets are reviewed for impairment in accordance with IAS 36

'Impairment of Assets' when there are indications that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Whenever there is an indication that an asset may be impaired, any losses/gains arising on the disposal of the asset are posted to the Statement of Comprehensive Net Expenditure.

### **1.8 Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position consist of cash at bank.

### **1.9 Value Added Tax**

OSCR is registered for VAT and where applicable will recover VAT on expenditure incurred. Where VAT is not recoverable, expenditure is charged including VAT, to operating costs or included in the cost of property, plant and equipment and intangible assets.

### **1.10 Pension**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependents' benefits. OSCR recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of defined contribution schemes, OSCR recognises the contributions payable for the year.

### **1.11 Leasing**

Rentals applicable to operating leases are charged to operating costs as they are incurred in accordance with IAS17 - Leases.

### **1.12 Contingent liabilities**

In addition to contingent liabilities disclosed in accordance with IAS37, OSCR discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but have been reported to Parliament in accordance with the requirements of the Scottish Public Finance Manual.

Where the time value of money is material, contingent liabilities which are required to be disclosed under

IAS37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS37 are stated at the amounts reported to Parliament.

### **1.13 Short term employee benefits**

OSCR permits the carry forward of unused annual leave entitlement and accumulated flexible working hours scheme balances, in accordance with Scottish Government resourcing policies. Entitlement to annual leave and flexible working hours are recognised in the accounts at the time the employee renders the service and not when the annual leave and accumulated hours balances are actually used. In response to the COVID 19 pandemic, in 2020-21 Scottish Government policy on leave carryforward was amended to enable up to 20 days leave, rather than 10 as was previously the case, to be carried forward by individual staff members into 2021-22.

### **1.14 Financial instruments**

OSCR does not hold any complex financial instruments. The only financial instruments included in the accounts are financial assets in the form of trade receivables and other current assets and financial liabilities in the form of trade payables and other current liabilities.

### **1.15 Trade receivables and other current assets**

All material amounts due at 31 March 2021 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were received.

### **1.16 Trade payables and other current liabilities**

All material amounts outstanding at 31 March 2021 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were made.

### **1.17 Segmental reporting**

Financial reporting to senior decision makers is at an organisation wide level and therefore segmental reporting under IFRS 8 is not required.

### **1.18 Changes in Accounting Policy**

There have been no changes in accounting policy during the year.

## 2. Reconciliation of net resource outturn to net cash requirement in 2020-21

2019-20 Outturn £'000	Note	2020-21 Budget £'000	2020-21 Outturn £'000	2020-21 Variance £'000
3,294	Resource outturn	3,300	3,282	(18)
3,294	Total resource requirement	3,300	3,282	(18)
	Accruals adjustments:			
(17)	Non-cash items		(17)	
(51)	Changes in working capital other than cash		(67)	
<b>3,226</b>	<b>Net cash requirement</b>		<b>3,198</b>	
<b>3,226</b>	<b>Net funding received</b>		<b>3,198</b>	
0	Cash surplus		0	

## 3. Staff numbers and related costs

An analysis of staff numbers and costs is disclosed in the Staff Report section on page 36 of this report. A summary of cost is provided in the table below.

	2020-21 £'000	2019-20 £'000
Directly employed staff	2,385	2,231
Other staff costs (Agency staff)	81	57
<b>Total</b>	<b>2,466</b>	<b>2,288</b>

## 4. Post Employment Benefits: Pension

International Accounting Standard 19 (IAS 19) "Employee Benefits" sets out the accounting treatment to be followed when accounting for the costs of providing a pension scheme.

### Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but OSCR is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource account of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

The Scottish Government currently has five pension schemes offering employer contributions at one of four rates in the range of 20% to 24.5% of pensionable pay, depending on salary bands. Employee contributions range between 3.0% and 8.05%, depending on the scheme. Civil servants may be in one of the five defined benefit schemes; either a 'final salary' scheme: Classic (including Classic Plus) or Premium; or a 'whole career scheme': Nuvos or Alpha. There is also an annuity scheme (Partnership).

For 2020-21, employers' contributions of £463k were payable to the PCSPS (2019-20 £429k). The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by the UK Parliament each year. Pensions payable under Classic (including Classic Plus), Premium, Nuvos and Alpha are increased annually in line with Pension Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (Partnership pension account).

From 1 April 2015 a single set of contribution rates was set across Civil Service Pensions, regardless of whether members are in Classic, Classic Plus, Premium, Nuvos or Alpha.

From 1 April 2015 employee contribution rates were set as follows:

	<b>Members who moved into alpha from classic</b>	<b>All other members</b>
<b>Full Time Equivalent Annual Pay Range</b>	<b>Contribution rates from 1 April 2015</b>	<b>Contribution rates from 1 April 2015</b>
Up to £15,000	3.00%	4.60%
£15,001 - £21,000	4.60%	4.60%
£21,001 - £47,000	5.45%	5.45%
£47,001 - £150,000	7.35%	7.35%
£150,001 and above	8.05%	8.05%

Benefits accrue as follows:

**Classic:**

Benefits accrue at the rate of 1/80th of the final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

**Premium:**

Benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. There is no automatic lump sum.

**Classic Plus:**

Benefits in respect of service before 1 October 2002 are calculated broadly as per Classic and benefits for service from 1 October 2002 are worked out as per Premium.

**Nuvos and Alpha:**

In both of these schemes a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pension Increase legislation. There is no automatic lump sum.

In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

**Partnership:**

The partnership pension account is a stakeholder pension arrangement. The employer contribution consists of 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement) plus an age related contribution ranging from 11.5% to 24.5%.

Members of a partnership pension scheme can select their own pension contribution rate. Partnership members do not need to contribute, but if they do so, the employer will match this up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Members of the partnership

schemes are contracted in to the state pension scheme – so pay higher National Insurance contributions than members of the four Scottish Government pension schemes. Further details about the Civil Service pension arrangements can be found at the website [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions).

## 5. Other administration costs

	<b>2020-21 £'000</b>	<b>2019-20 £'000</b>
Property costs	134	165
Supplies and services	518	609
Staff related costs	23	91
Rentals under operating leases (note 14)	124	124
<u>Non-cash items</u>		
Auditors' remuneration and expenses	14	13
<b>Total</b>	<b>813</b>	<b>1,003</b>

(i) Property costs for 2020-21 comprise: property running costs recharged under Service Level Agreement (SLA) with the Care Inspectorate £90k (2019-20 £89k); Rates recharged from Care Inspectorate £41k (2019-20 £45k) and property maintenance costs £3k (2019-20 £5k). In 2019-20 there were also furniture and fitting costs of £26k.

(ii) Supplies and services costs for 2020-21 comprise: ICT support and equipment £231k (2019-20 £237k), ICT development £105k (2019-20 £23k), consultancy £10k (2019-20 £141k), administration costs £57k (2019-20 £115k) and professional fees £115k (2019-20 £93k).

(iii) Staff related costs for 2020-21 comprise: training £21k (2019-20 £43k), travel and subsistence £1k (2019-20 £35k), recruitment £4k (2019-20 £9k) and membership fees/subscriptions £2k (2019-20 £4k) offset by £5k for a reimbursement of flights.

Auditor's remuneration is disclosed as a notional charge and relates to fees notified to OSCR by Audit Scotland in respect of the audit work carried out in relation to the year ended 31 March 2021. All audit fees are paid from the Scottish Consolidated Fund.

No other work was carried out by Grant Thornton UK LLP (appointed auditors), during the year ended 31 March 2021 (£ nil in the year to 31 March 2020).

## 6. Property, office furniture and equipment

	Leasehold Improvements £'000	Information technology £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>				
1 April 2020	191	63	55	309
Additions	0	0	0	0
Disposals	0	0	0	0
<b>31 March 2021</b>	<b>191</b>	<b>63</b>	<b>55</b>	<b>309</b>
<b>Depreciation</b>				
1 April 2020	182	63	55	300
Charged in year	3	0	0	3
Disposals	0	0	0	0
<b>31 March 2021</b>	<b>185</b>	<b>63</b>	<b>55</b>	<b>303</b>
<b>Net book value at 31 March 2021</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>
31 March 2020	9	0	0	9

## 6. Property, office furniture and equipment (cont.)

	Leasehold Improvements £'000	Information technology £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>				
1 April 2019	191	65	55	311
Additions	0	0	0	0
Disposals	0	(2)	0	(2)
<b>31 March 2020</b>	<b>191</b>	<b>63</b>	<b>55</b>	<b>309</b>
<b>Depreciation</b>				
1 April 2019	179	65	55	299
Charged in year	3	0	0	3
Disposals	0	(2)	0	(2)
<b>31 March 2020</b>	<b>182</b>	<b>63</b>	<b>55</b>	<b>300</b>
<b>Net book value at 31 March 2020</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>9</b>
31 March 2019	12	0	0	12

All assets are owned.

## 7. Intangible assets

	<b>Software £'000</b>
<b>Cost:</b>	
At 1 April 2020	182
Additions	0
Disposals	(8)
<b>At 31 March 2021</b>	<b>174</b>
<b>Amortisation:</b>	
At 1 April 2020	182
Charged in year	0
Disposals	(8)
<b>At 31 March 2021</b>	<b>174</b>
<b>Net book value:</b>	
<b>At 31 March 2021</b>	<b>0</b>
At 31 March 2020	0

## 7. Intangible assets (cont.)

	<b>Software £'000</b>
<b>Cost:</b>	
At 1 April 2019	870
Additions	0
Disposals	(688)
<b>At 31 March 2020</b>	<b>182</b>
<b>Amortisation:</b>	
At 1 April 2019	870
Charged in year	0
Disposals	(688)
<b>At 31 March 2020</b>	<b>182</b>
<b>Net book value:</b>	
<b>At 31 March 2020</b>	<b>0</b>
At 31 March 2019	0

All assets are owned.

## 8. Financial instruments

As the cash requirement of the Non-Ministerial Department is met through the spending review process, financial instruments play a more limited role in creating and managing risk than in a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with OSCRC's expected purchase and usage requirements and therefore OSCRC is exposed to little credit, liquidity or market risk.

## 9. Cash and cash equivalents

	<b>2020-21</b> <b>£'000</b>	<b>2019-20</b> <b>£'000</b>
Balance as at 1 April	1	1
Net change in cash and cash equivalent balances	0	0
	<hr/>	<hr/>
Balance as at 31 March	1	1
	<hr/>	<hr/>

This balance is held in a commercial bank.

## 10. Other current assets

	<b>2020-21</b> <b>£'000</b>	<b>2019-20</b> <b>£'000</b>
Prepayments	32	28
Trade receivables	5	0
	<hr/>	<hr/>
Analysis of other current assets:	37	28
	<hr/>	<hr/>

	<b>2020-21</b> <b>£'000</b>	<b>2019-20</b> <b>£'000</b>
Balances with other central Government bodies	23	20
Balances with bodies external to Government	14	8
	<hr/>	<hr/>
	37	28
	<hr/>	<hr/>

## 11. Trade payables and other current liabilities

	<b>2020-21</b> <b>£'000</b>	<b>2019-20</b> <b>£'000</b>
Trade payables	92	1
Accruals	168	187
Other taxation and social security	47	48
Other payables	50	45
	<hr/> 357	<hr/> 281

Analysis of trade payables and other current liabilities:

	<b>2020-21</b> <b>£'000</b>	<b>2019-20</b> <b>£'000</b>
Balances with other central Government bodies	141	104
Balances with bodies external to Government	216	177
	<hr/> 357	<hr/> 281

## 12. Provisions for liabilities and charges

There were no provisions for liabilities and charges in 2020-21 or 2019-20.

## 13. Capital commitments

There were no contracted capital commitments not otherwise included in these financial statements as at 31 March 2021.

## 14. Commitments under leases

Total future annual lease payments under operating leases are given in the table below for each of the following periods.

	2020-21 £'000	2019-20 £'000
<u>Land and buildings</u>		
Not later than one year	124	124
Later than one year and not later than five years	147	271
Later than five years	0	0

## 15. Related party transactions

OSCR is part of the wider Scottish Administration and it considers that the Scottish Government is a related party within this context. OSCR had significant financial and non-financial transactions with the Scottish Government in the year, through the use of its electronic HR and transactional finance systems.

Facilities Management of our office at Quadrant House, Dundee is undertaken by the Care Inspectorate on a shared service basis, for which we paid £131k in 2020-21 (£134k 2019-20). OSCR also obtained some transactional financial services, and year-end and strategic accounting services from the Scottish Social Services Council during 2020-21 totalling £19k (2019-20 £18k).

The Board Members and Senior Management Team have not undertaken any material transactions or had a significant involvement with other related parties in the year except as reported in the remuneration report.

## 16. Contingent liabilities

There is one contingent liability at 31 March 2021 in relation to the introduction of IFRS16 – Leases, effective 1 April 2022 which require disclosure under IAS 37 or the Scottish Public Finance Manual. The impact of IFRS 16 will be to reclassify leases which were previously treated as operating leases, requiring capitalisation of the underlying assets.

The Lease on our building at Quadrant House expires in June 2023. The further delay in the introduction of IFRS 16 means that the dilapidation costs will be liable for payment over a 14 month period rather than 26 in line with the originally revised timetable. Avison Young have undertaken a Dilapidations Report for all

three leaseholders in the building, with OSCR's share of costs being c.£211k in 2022-23; and c.£35k in 2023-24. We have previously flagged the requirement for funding to cover this cost to SG, however FCA's February 2021 decision to delay implementation of IFRS 16 for another year, and the uncertainty over future implementation make negotiations over future funding complex, given the strict financial timetable worked to in respect of the annual Scottish Budget Act.

At the end of the 2019-20 financial year, OSCR had appealed two decisions of the Upper Tribunal for Scotland to the Inner House of the Court of Session. At that time, it was known that there would be an appeal hearing and OSCR could incur legal costs in the appeal process, but it was not possible to quantify those expenses therefore a contingent liability was recorded. During 2020-21, OSCR was found liable for legal expenses totalling £58.5k.

## **17. Post statement of financial positions events**

There were no events after the statement of financial position date relating to the 2020-21 financial year up to 29 June 2021 when the Accounts were signed.

# Direction by Scottish Ministers



## OFFICE OF THE SCOTTISH CHARITY REGULATOR

### DIRECTION BY THE SCOTTISH MINISTERS

#### **in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000**

1. The statement of accounts for the financial year ended 31 March 2016 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers



Dated 6 June 2016





The Scottish Charity Regulator (OSCR)  
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